

MEMORANDUM

April 26, 2019

TO: County Council

FROM: Craig Howard, Senior Legislative Analyst ^{CH}
Aron Trombka, Senior Legislative Analyst, OLO ^{AT}

SUBJECT: **Compensation and Benefits for All Agencies**

PURPOSE: Review and Consider Action

The Council held an initial discussion of compensation and benefits for all agencies on April 23.¹ At today's worksession the Council will consider action on various compensation and benefit items. Council staff's suggested recommendations are included below.

Councilmembers should bring their copy of the April 23 Staff Report on Compensation and Benefits for All Agencies.

Council Staff Recommendations

RECOMMENDATION #1: FY20 Pay Adjustments – County Government

As discussed on pages 23-24, assessing the long-term fiscal sustainability of compensation costs requires an examination of both the revenue and expenditure sides of the equation. On the revenue side, the Council already plans to review the following key areas:

- **Revenue projections.** During its discussion on the FY20 operating budget spending affordability guidelines, the Government Operations and Fiscal Policy Committee recommended holding a worksession in the summer to review the County's revenue projections and economic indicators.
- **Economic development.** The Council has had several recent discussions related to economic development and plans to review economic development policy in order to grow the economy and expand workforce opportunities.

¹ Keywords: #MoCoBudget2020, compensation, benefits, retirement, group insurance, OPEB

The Executive's FY20 recommendations regarding County Government employee compensation raise issues with long-term sustainability based on growth rates that exceed revenue growth. Over the long-term, these spending trends cannot be accommodated over time within current fiscal policies without requiring service level reductions or revenue increases. To reduce compensation costs in the near-term, the Council has the option to reject some or all the compensation provisions in the negotiated agreements for County Government employees. This option would directly reduce compensation costs in FY20 and reduce future year costs by maintaining a lower compensation base. Additionally, the Council should consider employee equity implications as part of any funding decisions.

To address compensation cost sustainability over the long-term, Council staff suggest the following menu of options for Council consideration. These options are intended to help the County continue to provide pay and benefits needed to attract and retain a first-class workforce, while at the same time ensuring that salary and benefit levels remain viable even in times of fiscal uncertainty. The Council could pursue any combination of these options:

- a. **Formalize a structure for annually reviewing compensation cost sustainability and communicating the findings to the Executive.** Last November, after receiving an analysis of compensation cost trends and long-term sustainability in County Government, the Council agreed that it should receive a similar update each fall when several cost and revenue components are updated. This analysis can provide insight about how much budget room is available for changes in workforce size and employee pay given current fiscal policies and anticipated revenues. The Council would then communicate its findings to the Executive prior to the conclusion of bargaining unit negotiations.
- b. **Review of the legal, regulatory, and policy framework related to compensation costs to identify changes that could help address long-term sustainability.** These could include reviewing the section of the County Code that governs the collective bargaining process as well as a review of when during the fiscal year agencies provide compensation adjustments, the award of past-year service increments, the timing and structure of service increments and general wage adjustments, and pay adjustments for non-represented employees (including members of the Management Leadership Service). For example, Council could consider requiring that all pay adjustments for County Government must take effect at the start of the fiscal year as is done in other agencies.
- c. **Review of benefit costs across agencies.** The cost of employee benefits is a function of both factors within the County's control (such as plan design) and outside of the County's control (such as health care inflation rates). In many years, benefit costs have grown at a rate that well exceeded revenue growth. Given the size of benefit expenditures relative to the overall budget, benefits costs will affect the future sustainability of government operations. Specific areas to review could include:
 - **OPEB.** Retiree health spending accounts for 4% of total tax-supported spending across the agencies. The Council will have a more detailed discussion of retiree health benefits as part of an OLO report that will be released this summer. Additionally, the Council can consider adjusting policies and practices to ensure approved OPEB pre-funding is deposited in the Trust and not available for year-end savings plans.

- **Group Insurance and Retirement.** There are areas of significant variation in benefits among agencies that have long-term cost implications. For example, over the past several years the Council has encouraged MCPS to revisit some benefit provisions – most notably, employee health insurance cost share and the supplemental pension – that are not commensurate with benefits offered by other County agencies.
- d. **Workforce size.** Since compensation costs are the product of two variables, the number of employees and the cost per employee, agencies will need to balance per employee cost increases with the ability to add employees to meet new service demands. The County Executive has indicated that his intention is to reduce County Government workforce size over time by finding efficiencies in program and service delivery. However, the FY20 recommended tax supported budget includes a net increase of 90.3 FTEs. The Council could request that the Executive update the Council on his strategic plans to reduce workforce size.

RECOMMENDATION #2: FY20 Group Insurance (see pages 16-22)

- Support the agencies' FY20 tax supported requests for active employee costs.
- Support the agencies' FY20 tax supported pay-as-you-go requests for retiree costs.
- Support the Executive's recommended FY20 OPEB pre-funding.
- Support the recommended FY20 projection for the County Government's Employee Health Benefits Self Insurance Fund (\$272.9 million).
- Encourage MCPS to take further efforts to move toward aligning the group insurance premium cost share for active employees with the cost share established by County Government.

RECOMMENDATION #3: FY19 OPEB Savings Plan (see page 21)

- Take final action on the Executive's proposed FY19 OPEB Savings Plan in May as part of the FY20 budget approval. To maintain an option of approving a smaller FY19 savings plan in May, consider putting funding on the reconciliation list to restore some of the Executive's OPEB reductions.

RECOMMENDATION #4: FY20 Allocations for Retirement (see pages 13-15 and 25-28)

- Approve the recommended total FY20 County contributions for the County Government's retirement programs: \$72.3 million for the Employees' Retirement System (ERS), \$18.8 million for the Retirement Savings Plan (RSP), and \$6.9 million for the Guaranteed Retirement Income Plan (GRIP).
- Approve the recommended FY20 administrative and operating budgets of the ERS, the RSP, the Deferred Compensation Plan (DCP), and the Consolidated Retiree Health Benefits Trust (CRHBT).
- Continue to monitor the funded ratio of the agencies' pension funds.
- Encourage MCPS to achieve savings in retirement costs, as set forth in OLO Memorandum Report 2016-5, MCPS Local Pension Plan and Supplement.

RECOMMENDATION #5: Other Compensation Issues (see pages 25 and 30)

- Approve the Executive's recommended FY20 funding for: Compensation and Employee Benefits Adjustments NDA, Consolidated Retiree Health Benefits Trust NDAs, Group Insurance for Retirees NDA, Montgomery County Employee Retirement Plans NDA, State Positions Supplement NDA, and State Retirement Contribution NDA.
- Support the agencies' FY20 funding requests for employee awards and tuition assistance programs.
- Consider action on the Executive's proposed FY20 salary schedule for non-merit employees.

MEMORANDUM

April 19, 2019

TO: County Council

FROM: Craig Howard, Senior Legislative Analyst ^{CH}
Aron Trombka, Senior Legislative Analyst, OLO ^{AT}

SUBJECT: **Compensation and Benefits for All Agencies**

PURPOSE: Review and Consider Action

This worksession reviewing compensation and benefits for all agencies in the FY20 operating budget will cover issues in five key areas: 1) budget and compensation context; 2) overview and analysis of FY20 agency requests for pay adjustments, retirement, and group insurance; 3) the Executive's FY19 recommended OPEB Savings Plan; 4) an analysis of compensation cost sustainability; and 5) other compensation issues.

Summary of Council Staff Recommendations

The section below summarizes Council staff's recommendations for Council consideration on pay adjustments, group insurance, the Executive's proposed FY19 OPEB Savings Plan, and other compensation issue. The complete recommendations are available on pages 32-34.

1. **FY20 Pay Adjustments – County Government.** The Executive's FY20 recommendations regarding County Government employee compensation raise issues with long-term sustainability based on growth rates that exceed revenue growth. To reduce compensation costs in the near-term, the Council has the option to reject some or all of the compensation provisions in the negotiated agreements for County Government employees. To address compensation cost sustainability over the long-term, Council staff suggest the following menu of options for Council consideration:
 - a. **Formalize a structure for annually reviewing compensation cost sustainability and communicating the findings to the Executive.** This analysis can provide insight about how much budget room is potentially available for changes in workforce size and employee pay given current fiscal policies and anticipated revenues.

- b. **Review of the legal, regulatory, and policy framework related to compensation costs to identify changes that could help address long-term sustainability.** These could include reviewing the section of the County Code that governs the collective bargaining process as well as a review of when during the fiscal year agencies provide compensation adjustments, the award of past-year service increments, and the timing and structure of service increments and general wage adjustments.
 - c. **Review of benefit costs across agencies.** In many years, benefit costs have grown at a rate that well exceeded revenue growth. Given the size of benefit expenditures relative to the overall budget, benefit costs will affect the future sustainability of government operations. Specific areas to review could include OPEB and variation in group insurance and retirement benefits.
 - d. **Workforce size.** The County Executive has indicated that his intention is to reduce County Government workforce size over time by finding efficiencies in program and service delivery. However, the FY20 recommended tax supported budget includes a net increase of 90.3 FTEs. The Council could request that the Executive update the Council on his strategic plans to reduce workforce size.
2. **FY20 Group Insurance.** Support the agencies FY20 tax supported requests for active employee and retiree pay-as-you-go group insurance costs and approve the Executive's recommended FY20 OPEB pre-funding.
 3. **FY19 Recommended OPEB Savings Plan.** Take final action on the Executive's proposed FY19 OPEB Savings Plan in May as part of the FY20 budget approval. To maintain an option of approving a smaller FY19 savings plan in May, consider putting funding on the reconciliation list to restore some of the Executive's OPEB reductions.
 4. **Other Compensation Issues.** Approve the FY20 recommended funding for the County Government's retirement programs, the compensation-related non-departmental accounts, and employee awards and tuition assistance programs.

1. BUDGET AND COMPENSATION CONTEXT

The Executive's FY20 recommended tax supported aggregate operating budget is \$4.996 billion, an increase of 2.3% above the FY19 amount. Across the four County-funded agencies, employee compensation costs (consisting of salaries as well as benefits) comprise about 80% of all agency operating expenditures. As such, the cost of government is driven by both the number of employees and the cost per employee.

Overall, the four County-funded agencies have requested tax supported FY20 operating budgets with a combined \$3.56 billion for employee pay as well as employee and retiree benefits. The aggregate total request for employee/retiree compensation is up by 2.6% as compared to FY19. However, there is significant variation among agencies. The County Executive recommends a 4.8% increase in compensation costs for the County Government while the Montgomery College Board of Trustees have requested a 0.2% increase.

FY19 Approved and FY20 Requested Tax Supported Compensation Costs by Agency

Agency	FY19	FY20	% Change
County Government	\$1,009,773,817	\$1,058,406,346	4.8%
MCPS	\$2,130,481,965	\$2,167,855,107	1.8%
Montgomery College	\$216,954,106	\$217,496,249	0.2%
M-NCPPC	\$114,062,316	\$116,486,187	2.1%
Totals	\$3,471,272,204	\$3,560,243,889	2.6%

Since compensation costs are the dominant factor in the cost of providing County services, the long-term sustainability of County agency operating budgets is dependent upon maintaining a balance between compensation cost growth and revenue growth. Increases in compensation costs will demand the expenditure of additional resources. The 2.6% increase in the aggregate four-agency compensation request is similar to the projected growth in tax supported revenues. The County Executive's Fiscal Plan projects that tax supported revenues will grow by 2.8% from FY19 to FY20.

2. PAY ADJUSTMENTS

This section provides an overview of agency requested FY20 pay adjustments. More detailed information comparing FY19 approved and FY20 requested compensation costs by agency appears on ©1-13. In addition, Legislative Analysts Jean Arthur and Linda Price prepared tables summarizing public sector pay increases over the past decade for local, state, and federal government employees (see ©14-36). This data show that pay increases for County employees compare favorably with those in most other jurisdictions. Federal employees in the Washington area who are eligible to receive both a general wage adjustment and an increment will receive a total raise just shy of 3.8% this year.

A. County Government

For FY20, the Executive negotiated new one-year agreements with each of the three bargaining units representing County Government employees, MCGEO, the FOP, and the IAFF. The Executive also has recommended pay adjustments for non-represented employees and members of the Management Leadership Service. As shown in the table on the next page, the Executive proposes a different combination of general wage adjustments and service increment for each of the five employee groups. In addition, the Executive recommends funding past year service increments for eligible MCGEO and FOP members who did not receive service increments during the recession years. Proposed County Government salary schedules appear on ©37-55. This Fall, the Executive will enter into new negotiations for contracts covering FY21 (and possibly future years) pay increases.

Executive Recommended FY20 County Government General Wage Adjustments and Service Increments			
Employee Group	General Wage Adjustment	Service Increment ¹	Past Year Service Increment
MCGEO	2.4% (effective 11/19)	3.5%	3.5% from FY11 (effective 1/20)
FOP	None	3.5%	3.5% from FY12 or FY13 (effective 7/19)
IAFF ²	2.4% (effective 11/19)	3.5%	None
Non-Represented ³	2.0% (effective 7/19)	3.5%	None
MLS/PLS	2.0% (effective 7/19)	Eligible for performance-based pay increases in lieu of service increments.	None

General Wage Adjustments. The Executive recommends general wage adjustments (GWAs, also known as cost of living adjustments) of 2.4% for MCGEO members (effective November 24, 2019) and for IAFF members (effective November 10, 2019). Mr. Elrich recommends 2.0% GWAs for non-represented employees as well as members of the Management Leadership Service (effective July 1, 2019). The contract negotiated with the FOP includes no FY20 GWA.

Of note, the Executive's recommended budget breaks with the long-standing practice of providing non-represented employees with the same general wage adjustment received by MCGEO members. The approximately 1,375 non-represented employees that serve in similar salary grades as MCGEO members will receive a smaller general wage adjustment than their represented peers.

Service Increments. The Executive recommends that all County Government merit system employees (excluding Management Leadership Service) who are not at top of grade receive a 3.5% service increment (also known as a step increase) in FY20. An employee receives the service increment in the first pay period following his/her employment anniversary date.

¹ The effective date for service increments is the first full pay period following the employee's hiring anniversary date. The effective date for MLS/PLS performance-based pay increases is July 1, 2019.

² Approximately 270 firefighters will receive an increase in their Advanced Life Support pay differential under the proposed new contract with the IAFF. The higher pay differential will raise these firefighters' salaries by approximately 1.5% to 7.5% in addition to their GWA and service increment adjustments.

³ As detailed in Section 33-102 of the County Code, non-represented employees include employees in non-merit position and other senior managers; employees who provide direct staff or administrative support to senior managers; and all employees of the Office of the County Executive, the County Council, the Office of the County Attorney, the Office of Management and Budget, the Office of Intergovernmental Relations, the Office of Human Resources, the Merit System Protection Board, and the Ethics Commission.

Past Year Service Increments. The Council did not fund service increments for any County employees in FY11, FY12, and FY13 because of fiscal constraints. The Executive negotiated contracts with MCGEO and the FOP that include past year service increments for certain employees.⁴ The agreement with MCGEO offers an additional service increment of 3.5% (effective January 1, 2020) for bargaining unit members who did not receive a service increment in FY11. The agreement with the FOP offers an additional service increment of 3.5% (effective July 1, 2019) for bargaining unit members who did not receive a service increment in either FY12 or FY13.

The contracts negotiated by the Executive would provide most County Government employees with two pay adjustments, a general wage adjustment as well as a service increment for either FY20 or a past year. These pay increases would raise most employee salaries between 5.5% and 7.0% in FY20. However, a cohort of approximately 1,200 MCGEO members would receive three pay adjustments – a general wage adjustment, a FY20 service increment, and a FY11 service increment – totaling a 9.4% increase in pay.

Performance-Based Pay. Employees in the Management Leadership Service (MLS) and the Police Leadership Service (PLS) are eligible for performance-based pay increases in lieu of service increments. The Executive's recommended FY20 operating budget includes \$1,984,118 (\$1,364,230 tax supported) in the Compensation Adjustment and Employee Benefits non-departmental account to fund performance-based pay increases for MLS/PLS employees. The budgeted amount for MLS performance-based pay increases is unchanged from FY19. Since MLS/PLS employees are non-represented, performance-based pay is not included in any collective bargaining agreement.

Longevity Adjustments. County Government employees who have worked a specified number of years are eligible for a longevity adjustment to their base pay. As shown in the table on the next page, longevity adjustments vary by employee group. MLS/PLS employees are not eligible for longevity adjustments. The Executive recommends funding existing longevity adjustments for eligible employees as well as creating two new additional longevity adjustments.

The agreement with MCGEO includes a new longevity increment of 2.5% at 24 years of service for Correctional Officers and Deputy Sheriffs (in additional to the existing adjustment of 3.5% at 20 years of service). The Executive also proposes a new longevity increment of 3.5% at 16 years of service for FOP members (in additional to the existing adjustment of 3.5% at 20 years of service). Council staff requested that the Executive Branch provide justification for adding two new longevity adjustments in FY20. The Executive Branch responded that “after the last few rounds of collective bargaining, bargaining unit members in FOP and the Correctional Officers and Deputy Sheriffs members of MCGEO were the only bargaining unit groups with only 1 longevity step. The new longevity steps for these groups brings them up to the same number/level as the rest of the bargaining units.”

⁴ FOP members received past year service increments of 1.75% awarded in FY14 and FY15. The Executive agreed to a past year service increment of 3.5% to be awarded in FY17 for both the FOP and MCGEO, but the Council rejected funding for both. Unrepresented employees have not received any make-up service increments for the service increments missed in FY11, FY12, and FY13. See Mr. Drummer's memorandum on the pending collective bargaining agreements for additional detail about previous Council action regarding past year increments.

Executive Recommended FY20 Longevity Adjustments

Employee Group	Years of Service	Percent
MCGEO (non-public safety)	18	3.0%
MCGEO (non-public safety)	24	3.0%
MCGEO (public safety)	20	3.5%
<i>New - MCGEO (public safety)</i>	<i>24</i>	<i>2.5%</i>
IAFF (1 st longevity increment)	20	3.5%
IAFF (2 nd longevity increment)	24	3.5%
<i>New - FOP</i>	<i>16</i>	<i>3.5%</i>
FOP	20	3.5%
Non-Represented ⁵	20	2.0%

Lump Sum Payments. The contracts negotiated by the Executive also include lump sum payments for certain employees. The agreement with MCGEO includes a one-time lump sum payment of \$1,200 for employees (including those at top of grade) who are not eligible for a service increment in FY20. The agreement with the FOP includes a one-time lump sum payment of \$1,000 for employees who do not receive a FY12 or FY13 service increment or additional longevity increase in FY20. Of note, the FY19 contract with the FOP also includes a one-time lump sum payment of \$1,000 to eligible employees who did not receive a service increment in FY12 and/or FY13. Council staff requested that the Executive Branch provide justification for the lump sum payment. The Executive Branch responded that “lump sum payments were provided for two primary reasons – 1) as one-time payments, they do not have an on-going cost; and 2) the other provisions agreed to within the context of bargaining provided increases for some, but not all, bargaining unit members; the lump sum payments provide a way for the County to compensate all bargaining unit members within the agreements.”

Advanced Life Support Provider Differential. The negotiated agreement with the IAFF includes a new pay differential for firefighters with Advance Life Support (ALS) credentials. In the previous contract, the ALS pay differential was a fixed amount (ranging from \$6,080 to \$8,701 per year) depending on the employee’s years of service. The new contract defines the differential as 15% of the base pay for a Firefighter III at step H. For FY20, the differential would equal \$10,147.

Miscellaneous Pay Adjustments. The negotiated agreements include various miscellaneous pay adjustments including increases in Fire Marshal stand-by pay and transit subsidies.

⁵ For non-represented employees, only those who are at top of grade and received performance ratings of “exceptional” or “highly successful” for the two most recent years are eligible for a longevity increase.

Cost of Pay Adjustments. The table below shows that the pay adjustments recommended by the Executive (including those for non-represented employees) will have a combined FY20 cost of \$31.0 million (\$24.6 million tax supported). These estimates include the salary and wage costs as well as salary-based benefit costs (social security, Medicare, and retirement) borne by the employer. However, as many of the pay adjustments take effect several months into the fiscal year, the amount budgeted for FY20 does not reflect the full annualized cost (that is, the 12-month cost) of the Executive's recommendations. The annualized cost of the FY20 pay adjustments is \$41.5 million (\$32.7 million tax supported), exceeding the FY20 cost by almost \$10.4 million (\$8.0 million tax supported). These costs will become part of the FY21 budget base.

Estimated Cost of Executive Recommended FY20 Pay Adjustments
(collective bargaining agreements, non-represented pass-through, and MLS/PLS performance-based pay)

	Approx. Number of Eligible Employees	Total Cost		Tax Supported Cost	
		FY20 Budgeted Amount	Annualized Cost	FY20 Budgeted Amount	Annualized Cost
GWA – 2.4% for MCGEO	4,890	\$6,105,562	\$9,900,911	\$4,325,300	\$7,014,000
GWA – 2.4% for IAFF	1,170	\$1,526,415	\$2,333,372	\$1,519,054	\$2,322,120
GWA – 2.0% for Non-Rep.	2,040	\$5,216,158	\$5,264,390	\$3,951,245	\$3,998,173
Increments – 3.5%	5,680	\$7,638,339	\$14,145,072	\$6,048,852	\$11,201,578
Past Year Increment – 3.5% for MCGEO	1,200	\$1,545,669	\$3,091,337	\$1,094,982	\$2,189,963
Past Year Increment – 3.5% for FOP	240	\$890,300	\$890,300	\$887,056	\$887,056
MLS/PLS Performance-Based Pay	470	\$1,984,118	\$1,984,118	\$1,364,230	\$1,364,230
Longevity Adjustments – Current	290	\$452,645	\$838,231	\$370,672	\$669,103
Longevity Adjustments – New MCGEO	50	\$83,835	\$100,441	\$82,520	\$98,773
Longevity Adjustments – New FOP	550	\$1,672,225	\$1,672,225	\$1,666,131	\$1,666,131
Lump Sum - MCGEO	1,740	\$2,147,307	\$0	\$1,521,195	\$0
Lump Sum - FOP	450	\$484,425	\$0	\$482,660	\$0
ALS Pay Differential	360	\$814,205	\$814,205	\$814,205	\$814,205
Other*	NA	\$458,130	\$435,543	\$458,130	\$435,543
TOTALS		\$31,019,333	\$41,470,145	\$24,586,232	\$32,660,875

* Includes clothing allowances, transit subsidies, and all other miscellaneous personnel costs.

Source: Office of Management and Budget

B. MCPS

Last year, the Board of Education negotiated two-year agreements with its employee bargaining units. The general wage adjustments and service increments shown in the table below reflect the second-year pay increases in those agreements. This fall, MCPS will enter into new negotiations with its employee bargaining units for contracts covering FY21 (and possibly future years) pay increases.

FY20 MCPS General Wage Adjustments and Service Increments		
Employee Group	General Wage Adjustment (effective 7/1/19)	Service Increment ⁶ (effective 7/1/19)
MCEA	1.0%	Ranges from 1.5% to 5.5% (average of 3.5% for eligible employees)
SEIU		
MCAAP / MCBOA		

C. Montgomery College

The Montgomery College recommended FY20 operating budget includes \$5.3 million for pay adjustments and \$1.4 million for benefit increases. As of the writing of this memorandum, the College had not completed negotiations with one of its bargaining units.

In January 2018, the College's Board of Trustees adopted a new compensation program. The new model was implemented for all staff and administration positions in FY19 and the College plans to implement the model for faculty positions in FY20. The new structure sets pay for various job classifications based on a survey of salary data for similar positions. Under the new model, the wage range for each grade is scheduled for evaluation every 18 to 24 months for changes in the market. This evaluation will determine any increases or decreases in the wage range. In addition, all employees receive a single wage adjustment; the new model includes no service increments. The College notes that the new compensation model (coupled with the effects of employee turnover) has reduced base compensation costs by \$2.9 million.

FY20 Montgomery College Wage Adjustments	
Employee Group	Wage Adjustment (effective 7/1/19)
Faculty (AAUP)	2.5%
Staff (AFCSME)	To be determined pending negotiations
Non-Represented	2.0%

⁶ MCPS pay schedules include multiple steps within each pay grade. The incremental increases between steps are not uniform and range between 1.5% and 5.5%. The average pay increase for MCPS employees receiving a service increment under current pay schedules is approximately 3.5%.

D. M-NCPPC

The Montgomery County portion of M-NCPPC's FY20 budget request includes \$2.1 million for employee pay increases as well as an additional \$0.5 million for possible employee reclassifications. As of the writing of this memorandum, FY20 pay adjustments for represented and non-represented employees have yet to be determined. The Commission is currently in negotiations with its two employee bargaining units, MCGEO and the FOP. Negotiations with MCGEO cover both wages and health benefits; negotiations with the FOP cover wages alone.

FY20 M-NCPPC General Wage Adjustments and Service Increments		
Employee Group	General Wage Adjustment	Service Increment
FOP	To be determined through collective bargaining	To be determined through collective bargaining
MCGEO		
Non-Represented	To be determined	To be determined

E. WSSC

The FY20 WSSC budget request includes \$5.2 million for employee pay increases. The specific pay adjustment will be determined by joint agreement of the Montgomery and Prince George's County Councils.

FY20 WSSC General Wage Adjustments and Service Increments		
Employee Group	General Wage Adjustment	Merit (Service) Increment
All Employees	To be determined jointly by Montgomery and Prince George's County Councils. Amount set aside in budget to date totals \$5.2 million.	

3. COMPARISON OF PAY INCREASES AND PARITY BY BARGAINING UNIT

This section compares pay increases by employee bargaining unit across agencies. The tables on pages 11-12 show general wage adjustments and service increments received by each bargaining unit since FY14. Not all employees receive service increments. Most notably, those who have reached the maximum salary for their job classification are not eligible for a service increment. In addition, Montgomery College employees will be eligible for a single wage adjustment annually beginning in FY20.

The tables also include past year increments awarded to different bargaining units. Past year increments have been awarded to certain employees who had not received service increments during the recession years of FY11-FY13. The tables do not show other pay adjustments including longevity increments, special pay differentials, or one-time lump sum payments.

Staff notes that pay is only one element of the employee compensation. **Retirement, group insurance, and other benefits vary significantly from agency to agency.** For example, while employees of MCPS, the College, and M-NCPPC are eligible for a pension, most non-public safety County Government employees receive a defined contribution retirement benefit. Even among those employees who receive a pension, the benefit varies among agencies. The MCPS pension does not decrease at Social Security age while the pension offered County Government public safety employees decreases significantly when the retiree becomes eligible for Social Security. In addition, MCPS and some M-NCPPC employees pay a smaller percentage of their group insurance costs than employees of other agencies. Given the variations in the design and cost of employee benefits among the agencies, it is difficult to properly compare total compensation for employees represented by different bargaining units.

General Wage Adjustments and Service Increments by Bargaining Unit
(excludes longevity increases and other special pay increases)

Montgomery County Government

MCGEO	FY14	FY15	FY16	FY17	FY18	FY19	FY20*
GWA	3.25%	3.25%	2.00%	1.00%	2.00%	2.00%	2.40%
Increment	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	--	--	--	--	--	--	3.50%
Total	6.75%	6.75%	5.50%	4.50%	5.50%	5.50%	9.40%

FOP	FY14	FY15	FY16	FY17	FY18	FY19	FY20*
GWA	2.10%	2.10%	2.00%	1.00%	2.00%	2.00%	0.00%
Increment	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	1.75%	1.75%	--	--	--	--	3.50%
Total	7.35%	7.35%	5.50%	4.50%	5.50%	5.50%	7.00%

IAFF	FY14	FY15	FY16	FY17	FY18	FY19	FY20*
GWA	2.75%	2.75%	2.00%	1.00%	2.00%	2.00%	2.40%
Increment	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	3.50%	3.50%	--	--	--	--	--
Total	9.75%	9.75%	5.50%	4.50%	5.50%	5.50%	5.90%

* CE recommended

Montgomery County Public Schools

MCEA/SEIU	FY14	FY15	FY16	FY17	FY18	FY19	FY20
GWA	0.00%	1.50%	2.00%	1.00%	1.00%	0.00%	1.00%
Increment	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	--	--	--	--	--	3.50%	--
Total	3.50%	5.00%	5.50%	4.50%	4.50%	7.00%	4.50%

General Wage Adjustments and Service Increments by Bargaining Unit
(excludes longevity increases and other special pay increases)

Montgomery College

AAUP	FY14	FY15	FY16	FY17	FY18	FY19	FY20*
GWA	2.25%	2.50%	2.50%	1.00%	1.00%	1.00%	2.50%
Increment	3.50%	3.50%	3.50%	3.50%	2.00%	2.00%	--
Past Year Increment	--	--	--	--	--	--	--
Total	5.75%	6.00%	6.00%	4.50%	3.00%	3.00%	2.50%

AFSCME	FY14	FY15	FY16	FY17	FY18	FY19	FY20*
GWA	2.25%	2.50%	2.50%	1.00%	1.00%	1.00%	TBD
Increment	3.50%	3.50%	3.50%	3.50%	2.00%	2.00%	--
Past Year Increment	--	--	--	--	--	--	--
Total	5.75%	6.00%	6.00%	4.50%	3.00%	3.00%	TBD

* Beginning in FY20, Montgomery College employees will be eligible for a single wage adjustment annually.

M-NCPPC

MGCEO	FY14	FY15	FY16	FY17	FY18	FY19	FY20
GWA	3.25%	2.00%	1.75%	1.75%	1.50%	1.50%	TBD
Increment	3.50%	3.50%	1.75%	1.75%	3.50%	3.50%	TBD
Past Year Increment	--	--	--	--	--	--	--
Total	6.75%	5.50%	3.50%	3.50%	5.00%	5.00%	TBD

FOP	FY14	FY15	FY16	FY17	FY18	FY19	FY20
GWA	2.50%	1.75%	1.75%	0.50%	1.50%	1.50%	TBD
Increment	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	TBD
Past Year Increment	--	3.50%	--	--	--	--	--
Total	6.00%	8.75%	5.25%	4.00%	5.00%	5.00%	TBD

To illustrate the multi-year effect of successive pay raises, staff calculated cumulative salary increases from FY14 through FY20 for employees by bargaining unit. The table below shows the total percent salary increase for employees who were employed by a County agency at the start of FY14, did not receive a promotion or other special pay increase, and did not reach maximum salary. The table displays the percent increase for employees who both did and did not receive a past year increment. (The percent salary increases include recommended FY20 adjustments; as such, the table excludes AFSME and the M-NCPPC bargaining units for whom FY20 adjustments have yet to be determined).

Cumulative Pay Growth for Employees Since FY14
(who did not receive promotion and did not reach maximum salary)

	Percent Increase in Salary	
	Employees Ineligible for Past Year Increments	Employees Eligible for Past Year Increments
MCGeo (MCG)	48.1%	53.0%
FOP (MCG)	41.6%	50.5%
IAFF	46.7%	56.5%
MCEA/SEIU	35.4%	40.0%
AAUP	35.0%	35.0%

4. RETIREMENT BENEFITS

This section provides an overview of requested funding for employee retiree benefits. As detailed below, some County Government employees receive a defined benefit or pension; others receive a defined contribution retirement benefit. All other agencies provide a pension benefit to eligible employees.

A. County Government

The Executive recommends no changes to County Government employee retirement plan design in FY20. The County Government operating budget includes contributions to pay for different types of employee retirement benefits.

Defined Benefit Plan (Employees' Retirement System). Uniformed public safety employees as well as general government employees hired before October 1, 1994 participate in a defined benefit pension plan, the Employees' Retirement System (ERS). To support this benefit, the County Government makes an annual contribution to the pension trust fund. The County's actuary annually calculates the amount of the pension plan contribution based on assessments of pension fund assets, accrued liabilities, and demographic assumptions. The annual contribution amount is intended to set aside funds to cover projected future pension payments ("normal costs") as well as the cost of amortized payments to cover past year benefit improvements and investment losses ("unfunded liability"). For FY20 the Executive's recommended ERS contribution is \$72.3 million (\$66.7 million tax supported), an amount nearly unchanged from the FY19 contribution of \$72.6 million.

Defined Contribution Plan (Retirement Savings Plan). General government employees hired since October 1, 1994 participate in the Retirement Savings Plan (RSP). The County Government contributes a defined percentage of salary (currently 8%) into employee retirement savings accounts. For FY20 the County will contribute an estimated \$18.8 million (\$15.4 million tax supported) to employee RSP accounts.

Cash Balance Plan (Guaranteed Retirement Income Plan). Beginning in 2009, non-public safety employees hired since October 1, 1994 have had the option of participating in the Guaranteed Retirement Income Plan (GRIP). GRIP is a cash balance plan that guarantees a 7¼% annual return.⁷ About 26% of eligible employees have chosen the GRIP option. The Executive estimates that the GRIP will cost the County Government \$6.9 million (\$5.5 million tax supported) in FY20.

Participation and Cost Comparisons. A large disparity exists in the costs of the County Government retirement plans. The table below shows the number of employees participating in each of the retirement plans and the total FY20 cost (excluding employee contributions) for each plan. The data show that while 41% of employees participate in the ERS, the ERS accounts for 74% of total County Government retirement plan costs. The average cost per employee for an ERS participant is three-and-a-half times greater than the cost per RSP participant and almost six times greater than the cost per GRIP participant.

	Plan Participants		FY20 Cost		Average FY20 Cost/ Employee
	Employees	Percent	\$ Amount (millions)	Percent	
ERS (Defined Benefit)	3,878	40.7%	\$72.3	73.7%	\$18,651
RSP (Defined Contribution)	3,516	36.9%	\$18.8	19.2%	\$5,348
GRIP (Cash Balance)	2126	22.3%	\$6.9	7.1%	\$3,260

The County's FY20 retirement contribution rates (as a percentage of an employee's salary) are 19.9% for public safety employees in the ERS; 43.4% for non-public safety employees in the ERS⁸; 8.0% for employees in the RSP, and 5.9% for employees in the GRIP.

B. MCPS

MCPS provides a core pension benefit for employees in permanent positions who are not eligible for a State pension as well as a supplemental benefit for all permanent employees. MCPS is the sole school district in the State of Maryland to provide a pension supplement. The Board of Education budget assumes no changes to MCPS employee retirement plan benefits in FY20.

For FY20, the cost of the funding MCPS pension benefits will be \$83.8 million (over and above the local contribution to the State Teacher's Pension Plan). In 2012 the Maryland General

⁷ As a cash balance plan that guarantees an annual return, the GRIP is a type of defined benefit plan.

⁸ As the ERS closed for non-public safety employees in 1994, the number of active employees contributing to the plan has steadily declined resulting in the high contribution rate (as a percent of salary).

Assembly shifted a portion of the annual funding requirement for the State-run teacher pension system to the counties.⁹ The shift of pension costs to the counties was phased in over four years (FY13 through FY16). Beginning in FY16, the County's teachers' pension contribution was counted in the Maintenance of Effort calculation. For FY20, the amount of the local contribution to the State pension fund is \$61.1 million (\$54.5 million in tax supported funds and \$6.6 million in grant funds).

In February 2016, the Office of Legislative Oversight issued a report that presents options to reduce MCPS pension costs. The Education Committee reviewed the OLO report and has urged MCPS to adopt retirement cost control measures, particularly in respect to the pension supplement, to preserve resource for initiatives that directly affect the classroom.

C. Other Agencies

Montgomery College, M-NCPPC, and WSSC each offer defined benefit pension plans. None of these agencies plan changes to the design of their respective retirement plans in FY20.

D. Funded Ratios

The "funded ratio" of a pension plan is the percentage of the plan's liabilities covered by the current actuarial value of the plan's assets. In other words, the funded ratio measures the extent to which a plan has set aside funds to pay benefits accrued by its members. When an employer's funded ratio is below 100%, additional assets (from employer contributions, employee contributions, and/or investment income) will be required in future years to meet forthcoming liabilities.

The table below shows the most recent funded ratio or "fiduciary net position as a percentage of the total pension liability" for agency pension plans.¹⁰ The County Government's funded ratio has steadily improved in recent years and now exceeds 95%, in part because of strong investment returns. The funded ratios for M-NCPPC and WSSC had declined in previous years, but both recovered over the last two years predominantly because of improved investment returns. MCPS remains the sole County agency with a pension funded ratio below 80%. Last year, MCPS adopted changes to its actuarial and demographic assumptions intended to steadily build up pension fund assets, and thereby improve its funded ratio.

Agency	Pension Funded Ratios ¹¹
County Government	95.6%
MCPS	76.7%
M-NCPPC (Bi-County)	89.2%
WSSC (Bi-County)	80.0%

⁹ Under the 2012 State law, counties must pay for the normal pension costs going forward. The State remains responsible for costs associated with unfunded pension liability.

¹⁰ Montgomery College does not manage a pension fund as its employees participate in a State-run retirement system.

¹¹ Funded ratios are as of June 30, 2018 for the County Government, MCPS and M-NCPPC and as of December 31, 2017 for WSSC.

5. GROUP INSURANCE FOR ACTIVE EMPLOYEES

The FY20 tax supported request for active employees' group insurance benefits for all agencies totals \$406.1 million, an increase of 2.3% from FY19. These costs represent the employer share of annual group insurance premiums. **The requested funding for active employee group insurance accounts for approximately 8% of all tax supported spending.**

FY19 Approved and FY20 Requested Tax Supported Active Employee Group Insurance Costs¹²

Agency	FY19 Approved	FY20 Request	% Change, FY19-20
County Government	\$99.5 million	\$108.7 million	9.2%
MCPS	\$268.8 million	\$266.2 million	-1.0%
Montgomery College	\$16.2 million	\$17.0 million	5.0%
M-NCPPC	\$12.4 million	\$14.2 million	14.5%
Total	\$397.1 million	\$406.1 million	2.3%

No agency plans significant changes to active employee group insurance benefits in FY20. Notable factors impacting the FY20 tax supported costs include:

- **MCPS'** FY20 request is lowered by \$9.2 million due to drawing down on its group insurance fund balance. Absent this action, the projected tax supported request for active employee group insurance benefits would be around \$275 million.
- **MCPS'** group insurance cost share structure also continues to include costs share credits of 1% each for completing a biometric screening and a health risk assessment, and a tobacco user surcharge of 25%. As of March 1, 2018, MCPS reports that approximately 33% of enrollees are receiving the biometric screening credit, approximately 53% are receiving the health risk assessment credit (up from 39% in 2018), and about 4% of enrollees are paying the tobacco user penalty (down from 9% in 2019).
- **Montgomery College** implemented changes to plan deductibles, out-of-pocket limits, and copays as of January 1, 2019 that resulted in estimated annual savings of \$689,000.

Comparison of Agency Group Insurance Cost Share. As noted on page 10, employee benefits can vary from agency to agency. One aspect of group insurance benefits that substantially impacts the annual cost to the agencies is how health care premium costs are shared between the agency and the employee. The current health benefits premium cost share for the tax supported county agencies is shown below, along with what that equates to for an employee who chooses a hypothetical medical plan with an \$18,000 annual premium.

¹² WSSC's FY20 proposed budget (non-tax supported) for group insurance total \$30.7million – \$17.9 million for active employees (down 6%) and \$12.8 million for retired employees (down 2%).

2019 Health Benefits Premium Cost Share for Active Employees by County Agency

Employee Status or Plan Type	Base Health Premium Cost Share		Annual Employee Cost for a Medical Plan with an \$18,000 Premium
	Agency	Employee	
Montgomery County Government			
HMO plans	80%	20%	\$3,600
POS and Rx plans	75%	25%	\$4,500
MCPS*			
HMO plans	88%	12%	\$2,160
POS and Rx plans	83%	17%	\$3,060
Montgomery College			
All plans	75%	25%	\$4,500
M-NCPPC			
HMO and Rx plans	85%	15%	\$2,700
POS and EPO plan	80%	20%	\$3,600
FOP employees (all plans)	77%	23%	\$4,140

*MCPS employees can earn cost shares credits of up to 2% and tobacco users must pay a 25% cost share penalty.

For the past several years, the Council has encouraged MCPS to align its cost share for active employees with that of County Government. **If MCPS did so, it would result in estimated annual savings in the range of \$25 million.**

6. GROUP INSURANCE FOR RETIREES (OPEB)

Other Post-Employment Benefits (OPEB) are non-pension benefits offered by an employer to qualified retirees (i.e., retiree health insurance, life insurance, etc.). Each agency sets OPEB benefit levels and eligibility criteria for their own retirees. OPEB includes two funding components:

- **Pay-as-you-go funding** refers to the annual cost of group insurance benefits for current retirees. Under this funding method, agencies annually budget resources to pay the current year's cost of health care premiums for retired employees and their dependents.
- **Pre-funding** sets aside assets at the time employees earn a benefit to cover cost obligations that will be paid in the future (the same as how all agencies pre-fund pension benefits). Annual pre-funding amounts are determined by actuarial valuation (updated every one or two years), and pre-funding payments are deposited into a designated Trust Fund. As with pension programs, different structural, market, or employee demographic factors can impact required pre-funding levels. In 2011, the Council established a Consolidated Retiree Health Benefits Trust (CRHBT) for the County Government, MCPS, and Montgomery College. M-NCPPC manages its own OPEB trust.

A. Retiree Group Insurance Pay-As-You-Go Funding

The FY20 tax supported request for retiree pay-as-you-go group insurance funding totals \$83.9 million, a 0.8% increase from the funding level in FY19. However, total funding from all sources is a decrease of 7.0% from FY19, primarily due to reduced claims trends and/or the use of fund balance in MCPS and the County Government. These costs represent the employer share of annual group insurance premiums. **The requested tax supported funding for retiree group insurance accounts for approximately 4% of all tax supported spending.**

FY19 Approved and FY20 Recommended Retiree Health Pay-As-You-Go Funding by Agency

Agency	Funding Source	FY19 Approved	FY20 Request	% Change, FY19-20
County Government	Tax Supported	\$41.6 million	\$46.1 million	10.8%
	OPEB Trust	\$9.0 million	--	--
	Total	\$50.6 million	\$46.1 million	-8.9%
MCPS	Tax Supported	\$33.1 million	\$29.1 million	-12.1%
	OPEB Trust	\$27.2 million	\$27.2 million	--
	Total	\$60.3 million	\$56.3 million	-6.6%
Montgomery College	Tax Supported	\$3.6 million	\$3.8 million	5.0%
M-NCPPC	Tax Supported	\$4.9 million	\$4.9 million	0.0%
All Agencies	Tax Supported	\$83.2 million	\$83.9 million	0.8%
	OPEB Trust	\$36.2 million	\$27.2 million	-24.9%
	Total	\$119.4 million	\$111.1 million	-7.0%

Notable factors impacting the FY20 retiree pay-as-you-go employee group insurance costs include:

- The County Executive's recommendation for **Montgomery County Government** eliminates the use of \$9.0 million from the County Government's portion of the Consolidated OPEB Trust to fund retiree pay-as-you-go costs.
- **MCPS'** FY20 tax supported request is lowered by \$10.6 million due to drawing down on its group insurance fund balance. Absent this action, the projected tax supported request for active employee group insurance benefits would be around \$39.7 million.
- The Board of Education's request and the County Executive's recommendation for **MCPS** includes \$27.2 million in funding from MCPS' portion of the Consolidated OPEB Trust to fund retiree pay-as-you-go costs. The Executive's FY20 recommendation adds an additional \$9.0 million to the Trust to begin making MCPS whole, and the fiscal plan assumes continued restoration.

B. OPEB Pre-Funding

Current Agency OPEB Liabilities, Assets, and Funded Ratio. An agency's total OPEB liability refers to the present value of benefits earned to date for employees' past service. The net position in trust refers to the current value of OPEB assets (cash or investments) placed into a fund to pay future liabilities. The funded ratio is calculated by dividing the net position in the trust by the total OPEB liability. The table below shows these values for each agency based on the FY18 Comprehensive Annual Financial Statements.

The table below shows the actuarially determined OPEB liability and annual required contribution from each agency's most recent OPEB valuation. In sum:

- The total estimated OPEB liability for County Government, MCPS, Montgomery College, and M-NCPPC is about \$4.9 billion.
- The actuarial value of OPEB assets in the agency trust funds, \$1.0 billion, represents 21% of the total OPEB liability.
- Of the combined assets in the Consolidated Retiree Health Benefits Trust for County Government, MCPS, and Montgomery College at the end of FY18, approximately \$229 million was accrued via investment gains.

Agency OPEB Liabilities, Assets, and Funded Ratio (as of 7/1/18)

Agency	Total OPEB Liability	Net Position in Trust	Funded Ratio
County Government	\$1,823,142,490	\$492,078,607	27%
MCPS	\$2,838,086,716	\$455,655,062	16%
Montgomery College ¹³	\$113,438,041	\$49,068,188	43%
M-NCPPC ¹⁴	\$151,350,028	\$32,712,550	22%
Total	\$4,926,017,275	\$1,029,514,407	21%

Sources: FY18 Agency Comprehensive Annual Financial Reports

FY20 Recommended OPEB Pre-funding. The Executive recommends \$121.5 million in tax supported OPEB pre-funding for FY20, fully meeting the actuarially determined contribution for each agency. The recommended OPEB pre-funding in FY20 includes an additional \$6.8 million in non-tax supported contributions. The total decrease from the FY19 approved levels is due to revised actuarial valuations.

¹³ For several years prior to FY08 the College had set aside funds for accrued retiree health liabilities. These resources (~\$20 million) were placed in the College's OPEB Trust Fund in FY08, accounting for their comparatively high funded ratio. In FY14 the College transferred these resources to the Consolidated Retiree Health Benefits Trust.

¹⁴ M-NCPPC's OPEB data includes Montgomery County and Prince George's County costs. Montgomery County's OPEB funding schedule assumes that the Montgomery County portion is 45% of the total plan.

FY19 Approved and FY20 Recommended OPEB Pre-Funding by Agency

	FY 19 Approved	FY20 Recommended	% Change from Approved
Tax Supported			
County Government	\$43.6 million	\$34.7 million	-20.4%
MCPS	\$79.4 million	\$78.5 million	-1.1%
Montgomery College	\$2.8 million	\$5.4 million	92.9%
M-NCPPC ¹²	\$3.0 million	\$2.9 million	-3.3%
Total Tax Supported	\$128.8 million	\$121.5 million	-5.7%
Total Non-Tax Supported¹⁵	\$7.2 million	\$6.8 million	-5.6%

County Government Pre-Funding. The Executive's recommended FY20 pre-funding for County Government of \$34.7 million is a reduction of \$8.9 million from the FY19 approved level. The actuarial factors leading to this reduction (in order of magnitude) were revised mortality assumptions, updated claims trends, new demographics and experience, and higher than projected investment gains.

MCPS Pre-Funding. The Executive's recommended budget includes \$78.5 million for MCPS' pre-funding requirement but also proposes to use \$27.2 million in assets from MCPS' portion of the Consolidated Trust to pay current year claims. The Executive recommended and the Council approved a similar approach for MCPS in FY16-19.¹⁶ The FY20 contribution for MCPS consists of the actuarially determined amount of \$69.5 million plus an additional \$9.0 million to begin making MCPS trust contributions whole, and the fiscal plan assumes continued restoration. The net effect of the Executive's proposal is to increase MCPS' OPEB Trust balance (excluding any investment earnings) by \$51.3 million in FY20 instead of \$78.5 million.

Even with the additional \$9.0 million, the recommended pre-funding represents a reduction of just under \$1.0 million compared to the FY19 approved level. The actuarial factors leading to this reduction include updated future medical and prescription cost trends, new demographics and experience, and updated claims experience.

Montgomery College Pre-Funding. The recommended FY20 OPEB pre-funding for the College is \$5.4 million, an increase of \$2.6 million or 93% over the FY19 approved level based on updated actuarial data. Unlike the other agencies, the College's updated valuation found that the cost of health care claims (in particular prescription drug claims) increased at a much higher rate than had been anticipated in the prior valuation.

¹⁵ The FY20 non-tax supported OPEB pre-funding recommendation includes \$6.8 million in County Government proprietary fund and participating agency contributions and \$136,000 in M-NCPPC proprietary fund contributions.

¹⁶ In FY15, the Council reduced MCPS' tax supported retiree health pay-as-you go funding by \$27.2 million, MCPS used its internal OPEB Trust to fund that portion of pay-as-you-go expenditures, and the Council added \$27.2 million to MCPS' portion of the Consolidated OPEB Trust to hold MCPS OPEB spending harmless. In FY16-FY19, the budget continued to provide MCPS with \$27.2 million from the Consolidated OPEB Trust for retiree health pay-as-you-go funding but, unlike the Council's actions in FY15, did not replace the expenditures in either trust.

Pre-Funding in the Fiscal Plan. The Executive's FY20 tax supported OPEB pre-funding recommendation maintains the presumed funding levels in the fiscal plan. The table below shows six-year OPEB pre-funding summary from the Executive's FY20-25 fiscal plan.

FY20-25 Tax Supported OPEB Pre-Funding in Executive's Fiscal Plan (All Agencies)

FY20	FY21	FY22	FY23	FY24	FY25
\$121.4 million	\$127.7 million	\$131.6 million	\$128.0 million	\$125.5 million	\$117.4 million

C. FY19 Executive Recommended Savings Plan - OPEB

On March 15, the Executive transmitted a second FY19 Savings Plan (©56) to achieve additional savings needed to fully restore current year reserves to the level assumed in the FY19 operating budget and to keep the County on track to fund reserves at 10% of revenues by FY20.

The Executive's proposal would achieve \$89.6 million in FY19 savings by reducing approved OPEB pre-funding for County Government, MCPS, and Montgomery College as detailed in the table below. A similar (but smaller in terms of total dollars, \$62.4 million) OPEB savings plan was approved in FY18. The Executive's recommendation does not impact the approved pay-as-you-go funding in FY19 for any agency and current retirees would see no change to their retiree health benefits.

OPEB Pre-Funding by Agency Under Proposed FY19 Savings Plan

	FY 19 Approved	FY19 CE Rec. Savings Plan	Difference
County Government	\$43.6 million	\$9.0 million	(\$34.6 million)
MCPS	\$79.4 million	\$27.2 million	(\$52.2 million)
Montgomery College	\$2.8 million	\$0	(\$2.8 million)
Total	\$128.8 million	\$39.2 million	(\$89.6 million)

At the Council's operating budget overview on April 8, Councilmember Friedson asked staff to provide information on the "opportunity cost" of not depositing OPEB pre-funding into the Trust by calculating the potential lost investment income. Using a 6.26% rate of return (the discount rate in the County's actuarial valuation used to calculate the total OPEB liability under GASB Statement 75), the \$89.6 million would earn an additional \$31.9 million in investment income in five years.

Council staff recommends that the Council take final action on the proposed FY19 OPEB savings plan in May when it approves the FY20 budget. A decision to approve a savings plan that is less than the Executive proposed would reduce available resources for the FY20 budget by an equivalent amount. If the Council would like to approve a smaller FY19 savings plan in May, it could put funding on the reconciliation list to restore some of the OPEB reductions (e.g., four increments of \$5 million could allow for a deposit of up to \$20 million).

7. AGENCY GROUP INSURANCE FUNDS

In December 2003 the Council approved Resolution No. 15-454, *Policy Guidance for Agency Group Insurance Programs*, which included a recommendation that agencies maintain a minimum fund balance (or reserve) in their respective group insurance funds equivalent to 5% of annual expenditures. For the tax supported agencies, the table below shows the actual FY18 group insurance fund ending balances (in dollars and as a percent of expenditures), along with any projected balances or uses of fund reserves identified in agency budget or related documents. MCPS maintains separate fund accounts for active and retired employees, while the other agency group insurance funds combine active and retired employees.

Agency	FY18 Year-End Fund Balance		Future Fund Balance Projections
	\$'s	% of Expend.	
County Government ¹⁷	\$4.4 million	1.8%	- Projected FY19 year-end fund balance of \$6.1 million or 2.5%. \$10.5 million was transferred from the Self Insurance Fund to the General Fund in FY19. - FY20-25 fiscal projection shows a 5.0% fund balance each year beginning at the end of FY20.
MCPS: Active Employees	\$20.9 million	6.4%	- Projected FY19 year-end fund balance of \$36.3 million or 11.1%. - The BOE's budget request includes \$9.2 million from MCPS' active employee group insurance fund balance to help fund its FY20 budget.
MCPS: Retired Employees	\$24.2 million	21.4%	- Projected FY19 year-end fund balance of \$33.4 million or 27.8%. - The BOE's budget request includes \$10.6 million from MCPS' retiree group insurance fund balance to help fund its FY20 budget.
M-NCPPC (Bi-County)	\$15.9 million	32.2%	- Projected FY19 year-end fund balance of \$13.5 million or 22.7%. - Proposed FY20 budget projects a year-end fund balance of \$12.3 million or 19.2%.
Montgomery College	\$1.3 million	6.5%	n/a

¹⁷ The FY19-25 fiscal projection for the County Government's Employee Health Benefits Self Insurance Fund from the Executive's Fiscal Plan is at ©58.

8. COMPENSATION COST SUSTAINABILITY – STAFF ANALYSIS

Last year, the Council asked staff to examine the long-term sustainability of compensation costs. In November, staff presented an analysis of County Government compensation costs that defined sustainability as a recurring pattern of spending that can be accommodated by available resources without requiring offsetting service level reductions or revenue increases while adhering to current fiscal policies. More specifically, staff suggested that the sustainability of compensation cost trends can be gauged through a comparison with past and projected future rates of revenue growth.

Key findings from the November presentation include:

- **From FY14 to FY19, the average annual increase in County revenues (3.5%) was sufficient to accommodate the average annual increase in compensation costs (2.7%) because of the FY17 tax rate increase and unprecedented retirement cost reductions.**
- During this period, wages, social security, and group insurance each increased at rates that exceeded the revenue growth rate. Retirement costs, however, decreased by an unprecedented 30%.
- Staff calculated a future compensation growth rate based on a continuation of wage and group insurance cost trends and a conservative assumption that retirement costs would remain constant at the FY19 level. That calculation produced an annual total compensation growth rate of 3.8%.
- **The approved Fiscal Plan projected annual average revenue growth of 2.7% through FY24. This revenue growth will be insufficient to cover a 3.8% increase in compensation costs.**
- Wage and benefit growth of 3.8% annually would surpass expected revenue growth by a total of almost \$200 million over the upcoming five years.

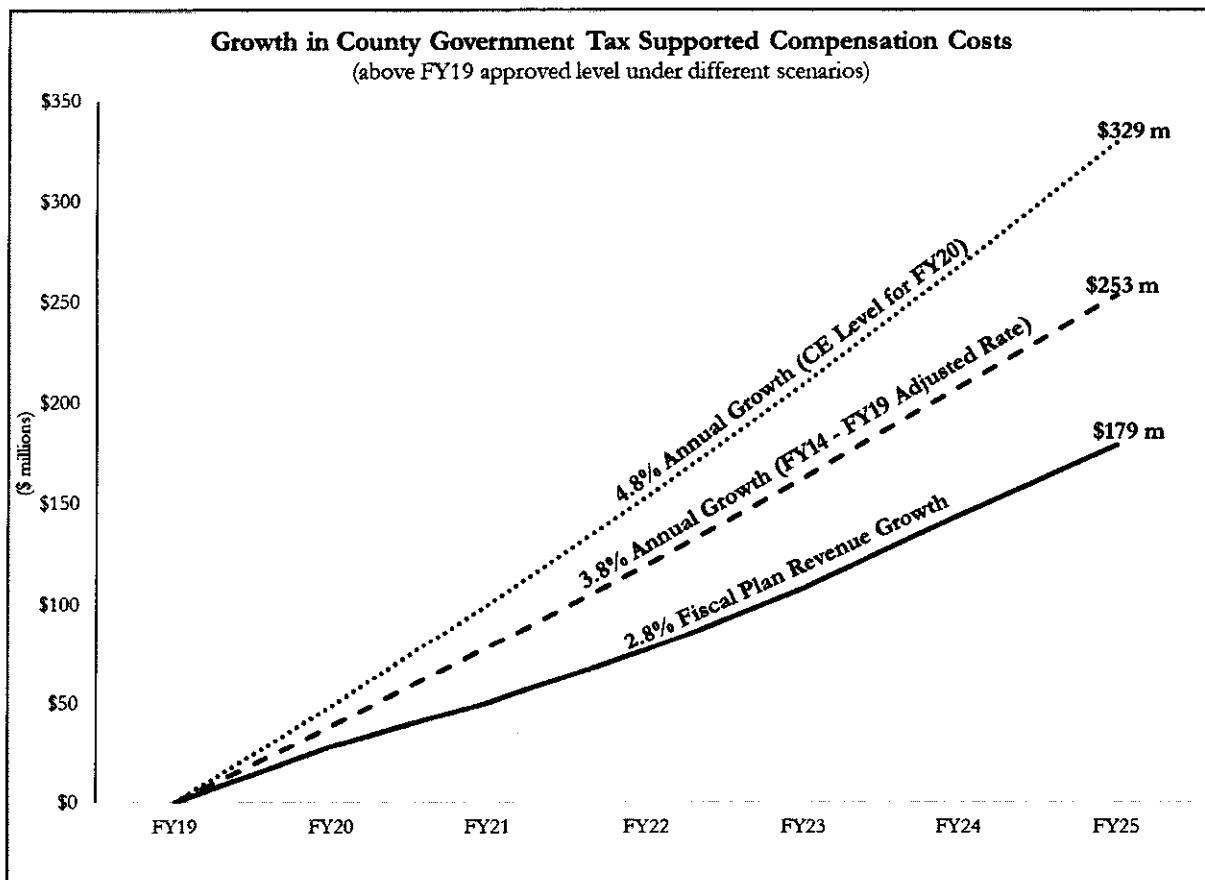
Executive's FY20 Recommendation. The Executive's budget projects revenues to increase by 2.8% from FY19 to FY20 and anticipates a similar average annual growth rate of just under 2.8% through FY25. In comparison, as shown below, the tax supported compensation costs for County Government would increase by 4.8% from FY19-20 – a rate that is 1.7 times higher than revenue growth.

Comparison of FY19 Approved and FY20 Recommended Tax Supported Compensation Costs for Montgomery County Government

	FY19 Approved	FY20 CE Recommended	% Change
Wages	\$687,389,689	\$727,648,487	5.9%
Social Security	\$52,193,304	\$54,198,980	3.8%
Retirement	\$85,519,780	\$87,099,204	1.8%
Group Insurance	\$184,671,074	\$189,459,675	2.6%
Totals	\$1,009,773,847	\$1,058,406,346	4.8%

Similar to the November analysis, the chart below illustrates the potential sustainability challenges based on different County Government compensation costs trend scenarios over the next six years. The data show:

- **Revenue Growth Rate.** If compensation costs grow at 2.8%, the same rate as revenue growth in the fiscal plan, the total increase from FY19-25 would be \$179 million.
- **3.8% Growth Rate.** If compensation costs grow at 3.8% (the adjusted FY19-24 annual growth rate calculated used in the November presentation), the total increase from FY19-25 would be \$253 million. This is \$74 million greater in FY25 than under the revenue growth rate and creates a six-year cumulative gap of \$273 million for FY20-25.
- **4.8% Growth Rate.** If compensation costs grow at 4.8% (the rate proposed by the Executive for FY20), the total increase from FY19-25 would be \$329 million. This is \$150 million greater in FY25 than under the revenue growth rate and creates a six-year cumulative gap of \$522 million for FY20-25.



Staff also notes that the County Government is only one part of the County's aggregate operating budget, and compensation costs are the dominant cost component of all four tax supported County agencies. Should compensation costs for all agencies grow annually by the 4.8% rate, then these costs would exceed projected revenue growth by a cumulative amount of more than \$1.6 billion from FY20 through FY25.

9. COUNTY GOVERNMENT COMPENSATION-RELATED NDAS

The FY20 recommended budget contains eight compensation-related Non-Departmental Accounts (NDAs) shown on ©59-67.

A. Compensation and Employee Benefits Adjustments NDA (©59)

This NDA funds certain personnel costs related to adjustments in employee and retiree benefits, pay-for-performance awards for employees in the Management Leadership Service and non-represented employees, deferred compensation management, and unemployment insurance. The recommended amount for FY20 is \$2,753,418, a 2.1% decrease below the approved FY19 budgeted amount.

B. Consolidated Retiree Health Benefits Trust NDAs (©61 and ©64-65)

In 2011, the Council established the consolidated trust on behalf of County Government, MCPS, and Montgomery College to make the OPEB funding process more transparent. There is an NDA for each agency. The recommended amounts for the three NDAs in FY20 are \$34,680,830 (County Government), \$78,533,000 (MCPS) and \$5,391,000 (Montgomery College).

C. Group Insurance for Retirees NDA (©62)

This NDA funds the employer share of annual group insurance premiums for County Government retirees. The recommended amount for FY20 is \$46,113,000.

D. Montgomery County Employee Retirement Plans NDA (©63)

The operating budget includes an NDA for the Montgomery County Employee Retirement Plans (MCERP). Expenditures associated with the Retirement Program are funded from the ERS and the RSP, and from the General Fund on behalf of the DCP. As such, the NDA does not show any appropriation amounts.

E. State Positions Supplement NDA (©66)

This NDA funds the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland Appellate Courts. The recommended amount for FY20 is \$60,756, the same amount as budgeted in FY19.

F. State Retirement Contribution NDA (©66-67)

This NDA funds the County's contribution to the Maryland State Retirement System (MSRS) for County employees who are members of the MSRS and to the State Library Retirement for Montgomery County Public Library retirees who receive a State retirement benefit. The recommended amount for FY20 is \$1,596,360, a 5.0% increase above the approved FY19 budgeted amount.

10. ADMINISTRATION OF COUNTY GOVERNMENT RETIREMENT PLANS AND OPEB TRUST

The County manages three programs that offer retirement benefits (the Employees' Retirement System, the Retirement Savings Plan, the Deferred Compensation Plan) as well as an additional program that provides funding for retiree health benefits (the Consolidated Retiree Health Benefits Trust). In FY13 the Chief Administrative Officer (who serves as Administrator of County Government retirement plans) approved the consolidation of all retirement-related functions into one organization, Montgomery County Employee Retirement Plans (MCERP). MCERP is responsible for retirement plan investment, administration, and accounting functions. The cost of administering retirement programs is included in the MCERP budget. The Office of Human Resources administers group insurance programs for active employees and retirees.

A. Employees' Retirement System

The Employees' Retirement System (ERS) is a defined benefit (pension) plan for eligible County Government employees. Uniformed public safety employees, as well as general government employees hired before October 1, 1994 participate in the ERS. The ERS also serves general government employees hired starting October 1, 1994 who have elected to participate in the Guaranteed Retirement Income Plan (GRIP).

The Board of Investment Trustees (BIT) invests and manages ERS assets. The table below shows FY19 approved and FY20 recommended ERS administrative and operating expenses.

Employees' Retirement System Administrative and Operating Expenses

	FY19 Approved	FY20 Recommended	\$ Amount Change FY19 to FY20	Percent Change FY19 to FY20
Investment Management	\$21,600,000	\$25,200,000	\$3,600,000	16.7%
Salaries and Benefits	\$2,070,000	\$2,424,000	\$354,000	17.1%
Professional Services	\$1,205,000	\$1,108,500	-\$96,500	-8.0%
Benefit Processing	\$125,000	\$125,000	\$0	0.0%
Office Management	\$109,000	\$105,500	-\$3,500	-3.2%
Due Diligence/Education	\$65,500	\$55,500	-\$10,000	-15.3%
TOTAL	\$25,174,500	\$29,018,500	\$3,844,000	15.3%

The Executive recommends a \$3.84 million increase in funding for ERS management, primarily resulting from a \$3.60 million increase in investment management fees. Investment management fees are based on investment return assumptions for asset growth and include custodian bank, investment managers and consultant/financial advisor fees. As ERS returns on investment exceed the actuarial assumed return, the funds asset base increased more than projected, thus raising investment management fees.

B. Retirement Savings Plan

The Retirement Savings Plan (RSP) is a defined contribution plan providing benefits to non-public safety employees, and certain public safety employees, hired after 1994. The County Government contributes a defined percentage of salary to RSP participants' retirement savings accounts. Employees also contribute to their RSP account and self-manage investment choices. The BIT also provides investment education sessions for RSP participants. The table below shows FY19 approved and FY20 recommended RSP administrative and operating expenses.

Retirement Savings Plan Administrative and Operating Expenses

	FY19 Approved	FY20 Recommended	\$ Amount Change FY19 to FY20	Percent Change FY19 to FY20
Investment Management	\$5,500	\$5,000	-\$500	-9.1%
Salaries and Benefits	\$226,000	\$198,000	-\$28,000	-12.4%
Professional Services	\$95,700	\$89,700	-\$6,000	-6.3%
Office Management	\$10,560	\$10,000	-\$560	-5.3%
Due Diligence/Education	\$3,600	\$3,600	\$0	0.0%
TOTAL	\$341,360	\$306,300	-\$35,060	-10.3%

The Executive recommends a \$35,060 decrease in funding for RSP management, primarily a result of lower salary and benefit costs.

C. Deferred Compensation Plan

County Government employees, if eligible, may elect to participate in the Deferred Compensation Plan (DCP) created pursuant to Section 457 of the Internal Revenue Code. The DCP is a voluntary deferred compensation plan that allows employees to make tax-deferred contributions into a retirement savings account. Employees self-manage DCP investment choices. The BIT contracts with a record keeper who administers the mutual and commingled fund options selected by the Board and offered to DCP participants. The table below shows FY19 approved and FY20 recommended DCP administrative and operating expenses.

Deferred Compensation Plan Administrative and Operating Expenses

	FY19 Approved	FY20 Recommended	\$ Amount Change FY19 to FY20	Percent Change FY19 to FY20
Investment Management	\$5,500	\$5,000	-\$500	-9.1%
Salaries and Benefits	\$197,000	\$173,000	-\$24,000	-12.2%
Professional Services	\$6,200	\$6,200	\$0	0.0%
Office Management	\$10,560	\$10,000	-\$560	-5.3%
Due Diligence/Education	\$3,600	\$3,600	\$0	0.0%
TOTAL	\$222,860	\$197,800	-\$25,060	-11.2%

The Executive recommends a \$25,600 decrease in funding for DCP management, primarily a result of lower salary and benefit costs.

D. Consolidated Retiree Health Benefits Trust Fund

The County has established a Consolidated Retiree Health Benefits Trust (CRHBT) to set aside funds for retiree health benefits, similar to the County's practice of prefunding for retiree pension benefits. The Office of Human Resources is responsible for the administration of the Trust Fund, and the BIT is responsible for investing the Fund assets with the goal of managing risk exposure while maximizing asset growth. The table below shows FY19 approved and FY20 recommended Trust Fund administrative and operating expenses.

Consolidated Retiree Health Benefits Trust Fund Administrative and Operating Expenses

	FY19 Approved	FY20 Recommended	\$ Amount Change FY19 to FY20	Percent Change FY19 to FY20
Investment Management	\$4,233,000	\$5,864,000	\$1,631,000	38.5%
Salaries and Benefits	\$355,500	\$410,000	\$54,500	15.3%
Professional Services	\$146,000	\$136,000	-\$10,000	-6.8%
Office Management	\$21,000	\$17,000	-\$4,000	-19.0%
Due Diligence/Education	\$50,000	\$40,000	-\$10,000	-20.0%
TOTAL	\$4,805,500	\$6,467,000	\$1,661,500	34.6%

The Executive recommends a \$1.66 million increase in funding for CRHBT management, primarily resulting from a \$1.63 million increase in investment management fees. Investment management fees are based on investment return assumptions for asset growth and include custodian bank, investment managers and consultant/financial advisor fees. As CRHBT returns on investment exceed the actuarial assumed return, the funds asset base increased more than projected, thus raising investment management fees.

E. Salary and Benefit Charges

In total, the Executive's FY20 recommended operating budget includes \$3,205,500 in salary and benefit costs for the management of the Employees' Retirement System, the Retirement Savings Plan, the Deferred Compensation Plan, and the Retiree Health Benefits Trust. The FY20 recommended salary and benefits costs (combined for the four plans) represent an increase of \$356,500 (or 12.5%) above the approved FY19 amount. The salary and benefit cost increases are primarily a function of the addition of two new positions as well as the filling of previously vacant positions.

11. OTHER COMPENSATION ISSUES

A. New Salary Schedule for Non-Merit Employees

Expedited Bill 51-15 requires the Executive to propose a salary schedule for heads of departments and principal offices, and other non-merit employees in the Executive Branch, for approval by the Council as part of the annual operating budget for County Government. The bill authorizes the Executive to exceed the salary schedule for an individual employee, subject to Council approval, if the Executive finds that it is necessary to attract or retain a senior leader for a specific position. The bill also requires the Council to establish a salary schedule for non-merit employees in the Legislative Branch as part of the operating budget.

The schedules are to take effect after the Council has approved the first schedules. **In FY18 and FY19, the Council declined to approve the non-merit salary schedules, determining that the schedule submitted by the Executive did not address concerns previously raised by the Council.** If the Council were to approve these schedules as part of the FY20 operating budget, they will apply to appointees hired or promoted into non-merit positions on or after July 1, 2019. The schedules will not apply to current non-merit appointees.

The Executive submitted a proposed FY20 pay schedule for Executive Branch non-merit employees on April 18 (©68-71). The proposed schedule maintains the same structure as recommended by the previous Executive in FY19 but reduces the maximum salary for each of the four pay bands. It also includes a 2.0% general wage adjustment. The table below compares the FY19 and FY20 proposed schedules, and the definitions for each grade are at ©69, and the positions that would fall under each grade are at ©71.

Grande/Pay Band	Minimum	Midpoint	Maximum
FY19 Proposed			
XIII	\$114,383	\$160,136	\$205,888
XII	\$125,821	\$176,150	\$226,478
XI	\$138,403	\$193,764	\$249,125
CAO	\$166,084	\$232,517	\$298,950
FY20 Proposed			
XIII	\$116,670	\$157,505	\$198,339
XII	\$128,337	\$173,255	\$218,173
XI	\$141,170	\$190,580	\$239,990
CAO	\$169,405	\$228,697	\$287,988

In accordance with Bill 51-15, the Council will also review a draft schedule for non-merit employees in the Legislative Branch. The latter schedule will cover 13 non-merit positions: nine Confidential Aides, two Hearing Examiners, the OLO Director, and the Council Executive Director. One option is to align these salaries as follows:

- **Confidential Aides:** Align with Management II level of the Management Leadership Service (the same level as Senior Legislative Analysts) – minimum \$91,959, midpoint \$129,448, maximum \$166,936 in FY20.
- **Hearing Examiners and OLO Director:** Align with Management I level of the MLS – minimum \$105,161, midpoint \$145,968, maximum \$186,775 in FY20.
- **Council Executive Director:** Align with Executive Level XI in the proposed FY20 Executive Branch schedule – minimum \$141,170, midpoint \$190,580, maximum \$239,990.

This option is reflected in a draft proposed schedule on ©72. The Council can determine what further information about these two proposed schedules is required. Information related to the Council’s prior review of proposed Executive Salary Schedules is attached at ©73-83.

B. Employee Awards and Tuition Assistance

Each year the Council reviews the funding requests for employee awards and tuition assistance. The FY19 costs and FY20 requests for each agency are included below.

Agency	Employee Awards		Tuition Assistance	
	FY19	FY20	FY19	FY20
County Government*	see ©84	TBD	\$435,000	\$385,000
MCPS	none	none	\$3,086,526	\$3,086,526
Montgomery College	\$121,000	\$121,000	\$1,562,320	\$1,769,320
M-NCPPC (MoCo only)	\$17,024	\$32,975	\$40,658	\$39,586
WSSC	\$130,000	\$131,000	\$148,000	\$148,000

*County Government tuition assistance in FY20 is for the FOP (\$135,000); MCGEO (\$125,000); and IAFF, non-represented employees, and Volunteer Firefighters (\$125,000) on a first-come first-served basis. County Government Employee awards do not include performance-based pay increases for eligible employees.

C. Agency Analysis of Personnel Management

Each agency compiles an annual report on its workforce containing data that are generally comparable to the information provided in the County Government’s Personnel Management Review. Material of this kind is a valuable adjunct to the agency personnel information that comes from budget documents and Council staff data requests. Agency staff have worked hard to assemble these displays of personnel information, and their efforts are appreciated. The complete agency reports are available online as detailed below (M-NCPPC’s FY18 report was not completed in time for inclusion).

- **Montgomery County Government – Personnel Management Review**

<http://www.montgomerycountymd.gov/council/Resources/Files/REPORTS/PMR/2019/MCG-2019.pdf>

- **Montgomery County Public Schools – Staff Statistical Profile**

<http://www.montgomerycountymd.gov/council/Resources/Files/REPORTS/PMR/2019/MCPS-FY19.pdf>

- **Montgomery College – Personnel Profile**

<http://www.montgomerycountymd.gov/council/Resources/Files/REPORTS/PMR/2019/MC-2019.pdf>

- **WSSC – Human Resources Management Review**

<http://www.montgomerycountymd.gov/council/Resources/Files/REPORTS/PMR/2019/WSSC-CY2018.pdf>

While the agency documents differ in format and amount of workforce information provided, the table below summarizes common elements related to staffing levels, demographics, average salary levels, and turnover as available for each agency's permanent workforce. M-NCPPC data listed in the table are for the Montgomery County portion only and are from last year's report.

Summary of Agency Personnel Management Data

Workforce Characteristics	County Government	MCPS	Montgomery College	M-NCPPC (Montgomery)	WSSC (Bi-County)
Reporting Period	CY 2018	FY 2019	CY 2018	FY 2017	CY 2018
Permanent Employees	9,243	23,857	1,835	808	1,660
Average Annual Salary	\$80,530 (overall weighted avg.)	<u>Administrators</u> \$137,515 <u>Teachers (10-Mo.)</u> \$83,215 <u>Support Staff</u> \$47,046	Not included	<u>Planning Dep't.</u> \$92,071 <u>Parks Dep't.</u> \$67,736	\$86,842
Gender					
% Male	60%	26%	44%	70%	72%
% Female	40%	74%	56%	30%	28%
Race/Ethnicity:					
% White	49%	58%	48%	67%	38%
% African American	27%	18%	28%	19%	48%
% Hispanic/Latino	10%	13%	10%	8%	6%
% Asian	7%	9%	12%	6%	6%
% Other	7%	2%	1%	<1%	21%
Turnover Rate	7.6%	6.7%	6.4%	7.2%	7.3%

12. STAFF RECOMMENDATIONS

This section presents staff recommendations for Council consideration regarding compensation and benefits for all agencies.

RECOMMENDATION #1: FY20 Pay Adjustments – County Government

As discussed on pages 23-24, assessing the long-term fiscal sustainability of compensation costs requires an examination of both the revenue and expenditure sides of the equation. On the revenue side, the Council already plans to review the following key areas:

- **Revenue projections.** During its discussion on the FY20 operating budget spending affordability guidelines, the Government Operations and Fiscal Policy Committee recommended holding a worksession in the summer to review the County's revenue projections and economic indicators.
- **Economic development.** The Council has had several recent discussions related to economic development and plans to review economic development policy in order to grow the economy and expand workforce opportunities.

The Executive's FY20 recommendations regarding County Government employee compensation raise issues with long-term sustainability based on growth rates that exceed revenue growth. Over the long-term, these spending trends cannot be accommodated over time within current fiscal policies without requiring service level reductions or revenue increases. To reduce compensation costs in the near-term, the Council has the option to reject some or all the compensation provisions in the negotiated agreements for County Government employees. This option would directly reduce compensation costs in FY20 and reduce future year costs by maintaining a lower compensation base. Additionally, the Council should consider employee equity implications as part of any funding decisions.

To address compensation cost sustainability over the long-term, Council staff suggest the following menu of options for Council consideration. These options are intended to help the County continue to provide pay and benefits needed to attract and retain a first-class workforce, while at the same time ensuring that salary and benefit levels remain viable even in times of fiscal uncertainty. The Council could pursue any combination of these options:

- a. **Formalize a structure for annually reviewing compensation cost sustainability and communicating the findings to the Executive.** Last November, after receiving an analysis of compensation cost trends and long-term sustainability in County Government, the Council agreed that it should receive a similar update each fall when several cost and revenue components are updated. This analysis can provide insight about how much budget room is available for changes in workforce size and employee pay given current fiscal policies and anticipated revenues. The Council would then communicate its findings to the Executive prior to the conclusion of bargaining unit negotiations.

- b. Review of the legal, regulatory, and policy framework related to compensation costs to identify changes that could help address long-term sustainability.** These could include reviewing the section of the County Code that governs the collective bargaining process as well as a review of when during the fiscal year agencies provide compensation adjustments, the award of past-year service increments, the timing and structure of service increments and general wage adjustments, and pay adjustments for non-represented employees (including members of the Management Leadership Service). For example, Council could consider requiring that all pay adjustments for County Government must take effect at the start of the fiscal year as is done in other agencies.
- c. Review of benefit costs across agencies.** The cost of employee benefits is a function of both factors within the County's control (such as plan design) and outside of the County's control (such as health care inflation rates). In many years, benefit costs have grown at a rate that well exceeded revenue growth. Given the size of benefit expenditures relative to the overall budget, benefits costs will affect the future sustainability of government operations. Specific areas to review could include:
- **OPEB.** Retiree health spending accounts for 4% of total tax-supported spending across the agencies. The Council will have a more detailed discussion of retiree health benefits as part of an OLO report that will be released this summer. Additionally, the Council can consider adjusting policies and practices to ensure approved OPEB pre-funding is deposited in the Trust and not available for year-end savings plans.
 - **Group Insurance and Retirement.** There are areas of significant variation in benefits among agencies that have long-term cost implications. For example, over the past several years the Council has encouraged MCPS to revisit some benefit provisions – most notably, employee health insurance cost share and the supplemental pension – that are not commensurate with benefits offered by other County agencies.
- d. Workforce size.** Since compensation costs are the product of two variables, the number of employees and the cost per employee, agencies will need to balance per employee cost increases with the ability to add employees to meet new service demands. The County Executive has indicated that his intention is to reduce County Government workforce size over time by finding efficiencies in program and service delivery. However, the FY20 recommended tax supported budget includes a net increase of 90.3 FTEs. The Council could request that the Executive update the Council on his strategic plans to reduce workforce size.

RECOMMENDATION #2: FY20 Group Insurance (see pages 16-22)

- Support the agencies' FY20 tax supported requests for active employee costs.
- Support the agencies' FY20 tax supported pay-as-you-go requests for retiree costs.
- Support the Executive's recommended FY20 OPEB pre-funding.
- Take final action on the Executive's proposed FY19 OPEB Savings Plan in May as part of the FY20 budget approval. To maintain an option of approving a smaller FY19 savings plan in May, consider putting funding on the reconciliation list to restore some of the Executive's OPEB reductions.
- Support the recommended FY20 projection for the County Government's Employee Health Benefits Self Insurance Fund (\$272.9 million).
- Encourage MCPS to take further efforts to move toward aligning the group insurance premium cost share for active employees with the cost share established by County Government.

RECOMMENDATION #3: FY20 Allocations for Retirement (see pages 13-15 and 25-28)

- Approve the recommended total FY20 County contributions for the County Government's retirement programs: \$72.3 million for the Employees' Retirement System (ERS), \$18.8 million for the Retirement Savings Plan (RSP), and \$6.9 million for the Guaranteed Retirement Income Plan (GRIP).
- Approve the recommended FY20 administrative and operating budgets of the ERS, the RSP, the Deferred Compensation Plan (DCP), and the Consolidated Retiree Health Benefits Trust (CRHBT).
- Continue to monitor the funded ratio of the agencies' pension funds.
- Encourage MCPS to achieve savings in retirement costs, as set forth in OLO Memorandum Report 2016-5, MCPS Local Pension Plan and Supplement.

RECOMMENDATION #4: Other Compensation Issues (see pages 25 and 30)

- Approve the Executive's recommended FY20 funding for: Compensation and Employee Benefits Adjustments NDA, Consolidated Retiree Health Benefits Trust NDAs, Group Insurance for Retirees NDA, Montgomery County Employee Retirement Plans NDA, State Positions Supplement NDA, and State Retirement Contribution NDA.
- Support the agencies' FY20 funding requests for employee awards and tuition assistance programs.

COUNTY GOVERNMENT TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY19 Approved Budget	MCGEO	IAFF	FOP	Non Represented	TOTAL
Filled positions, tax and non-tax supported	4,842	1,121	1,216	2,210	9,389
Percent of total	51.6%	11.9%	13.0%	23.5%	100.0%
Workyears (bargaining units estimated)	4,323	1,001	1,086	1,973	8,382
Active employees:					
Wages					687,389,689
Social Security					52,193,304
Retirement					85,519,780
Group insurance for active employees					99,465,936
Subtotal	347,324,102	138,148,704	143,025,603	248,435,029	876,933,438
Other					47,635,241
Total compensation for active employees	347,324,102	138,148,704	143,025,603	248,435,029	924,568,679
Retiree benefits: group insurance					
Pay as you go amount					41,642,478
OPEB Contribution					43,562,660
Total compensation for retired employees					85,205,138
Total compensation for active and retired employees	347,324,102	138,148,704	143,025,603	248,435,029	1,009,773,817
Operating budget without debt service					1,616,984,509
Total compensation as % of total operating budget					62.4%
% General Wage Adjustment	1.15%	2.00%	2.00%	1.15%	
Cost of General Wage Adjustment (wages, social security, retirement)	3,256,384	1,903,803	2,168,889	2,300,771	9,629,848
Cost of other Wage Adjustment					
Cost per 1% General Wage Adjustment (wages, social security, retirement)	2,831,639	951,902	1,084,444	2,000,671	6,868,655
Annualized cost of General Wage Adjustment (wages, social security, retirement)	5,644,400	1,903,803	2,168,889	3,781,527	13,498,619
Cost per furlough day (wages, social security)					
Cost of increment for employees not at top of grade (wages, social security, retirement)	2,926,295	661,181	1,276,130	1,044,125	5,907,732
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	836,084	188,909	364,609	298,322	1,687,923
Annualized cost of increment for employees not at top of grade (wages, social security, retirement)	5,773,517	1,416,608	1,942,985	1,987,229	11,120,339

COUNTY GOVERNMENT TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY20 Request	MC GEO	IAFF	FOP	Non Represented	TOTAL
Filled positions, tax and non-tax supported	4,892	1,137	1,147	2,067	9,243
Percent of total	52.9%	12.3%	12.4%	22.4%	100.0%
Workyears (bargaining units estimated)	4,515	1,049	1,059	1,908	8,531
Active employees:					
Wages					727,648,487
Social Security					54,198,980
Retirement					87,099,204
Group insurance for active employees					108,665,845
Subtotal	373,577,060	141,708,322	146,443,343	251,980,413	913,709,138
Other					63,903,378
Total compensation for active employees	373,577,060	141,708,322	146,443,343	251,980,413	977,612,516
Retiree benefits: group insurance					
Pay as you go amount					46,113,000
OPEB Contribution					34,680,830
Total compensation for retired employees					80,793,830
Total compensation for active and retired employees	373,577,060	141,708,322	146,443,343	251,980,413	1,058,406,346
Operating budget without debt service					1,690,357,999
Total compensation as % of total operating budget					62.6%
% General Wage Adjustment	1.48%	1.57%	0.00%	2.00%	
Cost of General Wage Adjustment (wages, social security, retirement)*	4,325,300	1,519,054	0	3,951,245	9,795,600
Cost of other Wage Adjustment					
Cost per 1% General Wage Adjustment (wages, social security, retirement)	2,922,500	967,551	0	1,975,623	5,865,673
Annualized cost of General Wage Adjustment (wages, social security, retirement)	7,014,000	2,322,120	0	3,998,173	13,334,294
Cost per furlough day (wages, social security)					
Cost of increment for employees not at top of grade (wages, social security, retirement)	2,918,047	793,210	1,217,441	1,120,153	6,048,852
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	833,728	226,632	347,840	320,044	1,728,243
Annualized cost of increment for employees not at top of grade (wages, social security, retirement)	5,403,790	1,468,908	2,254,521	2,074,358	11,201,578

* NOTE - Non-represented GWA includes Fire management, which received pass-through from IAFF, which differs from other non-represented

COUNTY GOVERNMENT TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Amount increase FY19-FY20	MCGEO	IAFF	FOP	Non Represented	TOTAL
Workyears	193	49	(27)	(65)	149
Active employees:					
Wages					40,258,798
Social Security					2,005,676
Retirement					1,579,424
Group insurance for active employees					9,199,909
Subtotal	26,252,958	3,559,618	3,417,740	3,545,384	36,775,700
Other					16,268,137
Total compensation for active employees	26,252,958	3,559,618	3,417,740	3,545,384	53,043,837
Retiree benefits: group insurance					
Pay as you go amount					4,470,522
Phase in of the Annual Required Contribution					(8,881,830)
Total compensation for retired employees					(4,411,308)
Total compensation for active and retired employees	26,252,958	3,559,618	3,417,740	3,545,384	48,632,529

Percent increase FY19-FY20	MCGEO	IAFF	FOP	Non Represented	TOTAL
Workyears	4.46%	4.86%	-2.48%	-3.30%	1.78%
Active employees:					
Wages					5.86%
Social Security					3.84%
Retirement					1.85%
Group insurance for active employees					9.25%
Subtotal	7.56%	2.58%	2.39%	1.43%	4.19%
Other					
Total compensation for active employees					5.74%
Retiree benefits: group insurance					
Pay as you go amount					10.74%
Phase in of the Annual Required Contribution					-20.39%
Total compensation for retired employees					-5.18%
Total compensation for active and retired employees					4.82%

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT
TAX SUPPORTED FUNDS, FY19 APPROVED BUDGET AND FY20 REQUEST**

Tax Supported Funds, FY19 Approved Budget	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears						
Active employees:	687,450	80,500	12,849,431	7,608,514	72,550	21,298,445
Wages	96,025,018	8,359,427	1,101,710,916	354,750,943	8,641,084	1,569,487,388
Social Security	6,600,803	478,879	85,097,689	27,977,124	556,298	120,710,793
Retirement	5,139,766	447,441	58,969,387	18,988,144	462,515	84,007,253
Group insurance for active employees	8,675,522	1,015,899	162,158,002	96,018,371	915,571	268,783,365
State Retirement Payment						54,354,730
Total compensation for active employees	116,441,109	10,301,646	1,407,935,994	497,734,582	10,575,468	2,097,343,529
Retiree benefits: group insurance						
Pay as you go amount						33,138,436
Total compensation for active and retired employees	116,441,109	10,301,646	1,407,935,994	497,734,582	10,575,468	2,130,481,965
Operating budget without debt service	N/A	N/A	N/A	N/A	N/A	2,444,080,162
Total compensation as % of total operating budget	N/A	N/A	N/A	N/A	N/A	87.17%
% General Wage Adjustment - 2% for MCAAP & MCBOA - 0% for MCEA & SEIU	2.0%	2.0%	0.0%	0.0%	Both 2% & 0%	
Cost of General Wage Adjustment (wages, social security, retirement) - 2% for MCAAP & MCBOA (data includes related employee benefits)	1,969,546	182,918	0	0	128,569	2,281,033
Cost of other Wage Adjustment - Step/Longevity Implemented on 7/1/19 (data includes related employee benefits)	846,552	144,556	28,315,747	8,790,330	245,794	38,342,979
Cost of other Wage Adjustment - FY 2012 Salary Adjustment for Eligible Employees (data includes related employee benefits)	0	0	9,424,570	878,580	8,515	10,311,665
Cost of other Wage Adjustment - MCEA & SEIU Salary Scale Adjustment for Steps 10's, 50's & 60's (data includes related employee benefits)	0	0	267,398	3,144,032	23,533	3,434,963
Cost of other Wage Adjustment - One time increase for those employees whose salaries not increase as a result of any of the aforementioned agreements will receive a one time bonus of \$900 pro-rated by total FTE, does not apply towards retirement (data includes FICA benefits)	0	0	2,956,655	1,106,547	10,657	4,073,859
Cost of other Wage Adjustment - Elimination of Salary Lane Change Bonus for eligible employees	0	0	(1,200,000)	0	0	(1,200,000)
Cost per 1% General Wage Adjustment (wages, social security, retirement) (data includes related employee benefits)	1,026,095	106,970	12,937,913	4,503,534	75,188	18,649,700
Annualized cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0	0
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	320,363	43,279	10,558,463	1,724,734	35,214	12,682,053
Annualized cost of increment for employees not at top of grade (wages, social security, retirement)	0	0	0	0	0	0

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT
TAX SUPPORTED FUNDS, FY19 APPROVED BUDGET AND FY20 REQUEST**

Tax Supported Funds, FY20 Request	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears						
Active employees:	705.950	81.500	13,098.656	7,691.199	72.550	21,649.855
Wages	98,500,366	8,659,875	1,133,968,244	358,705,117	8,943,522	1,608,777,124
Social Security	6,790,271	501,564	87,953,552	28,381,359	579,171	124,205,917
Retirement	5,131,694	451,164	59,077,730	18,687,899	465,942	83,814,429
Group insurance for active employees	8,678,660	1,001,928	161,029,512	94,552,451	891,900	266,154,451
State Retirement Payment						55,764,750
Total compensation for active employees	119,100,991	10,614,531	1,442,029,038	500,326,826	10,880,535	2,138,716,671
Retiree benefits: group insurance						
Pay as you go amount						29,138,436
Total compensation for active and retired employees						2,167,855,107
Operating budget without debt service	N/A	N/A	N/A	N/A	N/A	2,498,155,224
Total compensation as % of total operating budget	N/A	N/A	N/A	N/A	N/A	86.78%
% General Wage Adjustment	1.0%	1.0%	1.0%	1.0%	1.0%	
Cost of General Wage Adjustment (wages, social security, retirement) 1% Implemented on 7/1/19 (data includes related employee benefits)	942,303	85,712	12,094,044	3,955,809	97,298	17,175,166
Cost of other Wage Adjustment - Step/Longevity Implemented on 7/1/19	884,285	139,233	21,177,964	7,686,879	291,895	30,180,256
Cost per 1% General Wage Adjustment (wages, social security, retirement)	942,303	85,712	12,094,044	3,955,809	97,298	17,175,166
Annualized cost of General Wage Adjustment (wages, social security, retirement) Annualization of the 1/5/19 MCEA FY 12 step adjustment for eligible employees	0	0	6,515,865	0	0	6,515,865
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	294,111	46,753	9,022,328	2,497,641	28,998	11,889,831
Annualized cost of increment for employees not at top of grade (wages, social security, retirement)	0	0	0	0	0	0

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT
TAX SUPPORTED FUNDS, FY18 APPROVED BUDGET AND FY19 REQUEST**

Amount increase FY19-FY20	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears						
Active employees:	18,500	1,000	249,225	82,685	0,000	351,410
Wages	2,475,348	300,448	32,257,328	3,954,174	302,438	39,289,736
Social Security	189,468	22,685	2,855,863	404,235	22,873	3,495,124
Retirement	(8,072)	3,723	108,343	(300,245)	3,427	(192,824)
Group insurance for active employees	3,138	(13,971)	(1,128,490)	(1,465,920)	(23,671)	(2,628,914)
State Retirement Payment						1,410,020
Total compensation for active employees	2,659,882	312,885	34,093,044	2,592,244	305,067	41,373,142
Retiree benefits: group insurance						
Pay as you go amount						(4,000,000)
Total compensation for active and retired employees	2,659,882	312,885	34,093,044	2,592,244	305,067	37,373,142
Percent increase FY19-FY20	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears						
Active employees:						
Wages	2.58%	3.59%	2.93%	1.11%	3.50%	2.50%
Social Security	2.87%	4.74%	3.36%	1.44%	4.11%	2.90%
Retirement	-0.16%	0.83%	0.18%	-1.58%	0.74%	-0.23%
Group insurance for active employees	0.04%	-1.38%	-0.70%	-1.53%	-2.59%	-0.98%
State Retirement Payment						2.59%
Total compensation for active employees	2.28%	3.04%	2.42%	0.52%	2.88%	1.97%
Retiree benefits: group insurance						
Pay as you go amount						-12.07%
Total compensation for active and retired employees	2.28%	3.04%	2.42%	0.52%	2.88%	1.75%

MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

	WAGES	SS	RET	TOTAL	TOTAL
Workyears	613.00	468.10	85.00	644.00	1,810
Active employees:					
Wages	54,250,212	27,184,278	12,959,254	84,871,921	179,265,665
Social Security	4,132,708	2,070,862	987,219	6,465,429	13,656,218
Retirement		950,000		804,433	1,754,433
Other Benefits (EAP, recognition awards, comp absences, etc)	1,035,378	790,637	143,568	1,087,738	3,057,321
Group insurance for active employees	5,282,704	4,033,987	732,512	5,549,855	15,599,058
Total compensation for active employees	64,701,002	35,029,764	14,822,553	98,779,376	213,332,695
Retiree benefits: group insurance					
Pay as you go amount	1,226,410	936,513	170,057	1,288,431	3,621,411
OPEB					
Total compensation for retired employees	1,226,410	936,513	170,057	1,288,431	3,621,411
Total compensation for active and retired employees	65,927,412	35,966,277	14,992,610	100,067,807	216,954,106
Operating budget without debt service					264,799,723
Total compensation as % of total operating budget					81.9%
% General Wage Adjustment	1.0%	1.0%	1.0%	1%/4.5%	
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty	519,871	172,431	118,144	1,275,663	2,086,109
Cost of other Wage Adjustment	2.0%	2.0%	2.0%	2.0%	
Cost per 1% GWA (wages, social security, retirement)	519,871	172,431	118,144	330,592	1,141,038
Annualized cost of GWA (wages, social security, retirement)					
Cost per furlough day (wages, social security)	208,655	104,555	49,843	205,104	568,157
Cost of increment for employees not at top of grade (wages, social security, retirement)	1,030,871	253,388	174,920	522,946	1,982,125
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	515,435	126,694	87,460	459,867	1,189,456
Annualized cost of increment for employees not at top of grade (wages, social security, retirement)	41,914	32,006	5,812	44,034	123,766

MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Workyears	610.00	490.60	84.00	618.75	1,803.35
Active employees:					
Wages	53,634,530	28,523,590	12,342,218	84,209,116	178,709,454
Social Security	4,106,050	2,183,655	944,872	6,446,721	13,681,298
Retirement		950,000		804,433	1,754,433
Other Benefits (EAP, recognition awards, comp absences, etc)	1,132,262	910,636	155,918	1,148,504	3,347,320
Group insurance for active employees	5,480,228	4,407,541	754,654	5,558,838	16,201,261
Total compensation for active employees	64,353,070	36,975,422	14,197,662	98,167,612	213,693,766
Retiree benefits: group insurance					
Pay as you go amount	1,286,225	1,034,463	177,120	1,304,675	3,802,483
OPEB					
Total compensation for retired employees	1,286,225	1,034,463	177,120	1,304,675	3,802,483
Total compensation for active and retired employees	65,639,295	38,009,885	14,374,782	99,472,287	217,496,249
Operating budget without debt service					264,768,350
Total compensation as % of total operating budget					82.1%
% General Wage Adjustment	TBD	TBD	TBD	TBD	
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty					
Cost of other Wage Adjustment	TBD	TBD	TBD	TBD	
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty				815,300	815,300
Annualized cost of GWA (wages, social security, retirement)					
Cost per furlough day (wages, social security)	206,287	116,954	47,108	205,781	576,130
Cost of increment for employees not at top of grade (wages, social security, retirement)					
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)					
Annulized cost of increment for employees not at top of grade (wages, social security, retirement)	0	136,078	23,299	171,623	331,000

MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Amount increase FY19-FY20	AAEP	APSEME	ADM	ALL OTHER	TOTAL
Workyears	(3.00)	22.50	(1.00)	(25.25)	(7)
Active employees:					
Wages	(615,682)	1,339,312	(617,036)	(662,805)	(556,211)
Social Security	(26,658)	112,793	(42,347)	(18,708)	25,080
Retirement	-	-	-	-	-
Other Benefits (EAP, recognition awards, comp absences, etc)	96,884	119,999	12,350	60,766	289,999
Group insurance for active employees	197,524	373,554	22,142	8,983	602,203
Total compensation for active employees	(347,932)	1,945,658	(624,891)	(611,764)	361,071
Retiree benefits: group insurance					
Pay as you go amount	59,815	97,950	7,063	16,244	181,072
Phase in of the Annual Required Contribution					
Total compensation for retired employees	59,815	97,950	7,063	16,244	181,072
Total compensation for active and retired employees	(288,117)	2,043,608	(617,828)	(595,520)	542,143
Percent increase FY19-FY20	AAEP	APSEME	ADM	ALL OTHER	TOTAL
Workyears	-0.49%	4.81%	-1.18%	-3.92%	-0.37%
Active employees:					
Wages	-1.13%	4.93%	-4.76%	-0.78%	-0.31%
Social Security	-0.65%	5.45%	-4.29%	-0.29%	0.18%
Retirement		0.00%		0.00%	0.00%
Other Benefits (EAP, recognition awards, comp absences, etc)	9.36%	15.18%	8.60%	5.59%	9.49%
Group insurance for active employees	3.74%	9.26%	3.02%	0.16%	3.86%
Total compensation for active employees	-0.54%	5.55%	-4.22%	-0.62%	0.17%
Retiree benefits: group insurance					
Pay as you go amount	4.88%	10.46%	4.15%	1.26%	5.00%
Phase in of the Annual Required Contribution					
Total compensation for retired employees	4.88%	10.46%	4.15%	1.26%	5.00%
Total compensation for active and retired employees	-0.44%	5.68%	-4.12%	-0.60%	0.25%

MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY20 Request	FOP	MC GEO	Nonrepresented	TOTAL
Workyears	84.00	310.00	547.76	941.76
Active employees:				
Wages	7,801,216	17,723,066	55,734,449	81,258,731
Social Security	99,415	1,255,767	4,005,501	5,360,683
Retirement	1,260,119	1,522,419	5,146,996	7,929,534
Group insurance for active employees	1,157,390	4,206,800	8,885,769	14,249,959
Total compensation for active employees	10,318,140	24,708,052	73,772,715	108,798,907
Retiree benefits: group insurance				
Pay as you go amount	412,804	1,523,445	2,938,775	4,875,024
OPEB pre-funding	238,135	878,830	1,695,291	2,812,256
Total compensation for retired employees	650,939	2,402,275	4,634,066	7,687,280
Total compensation for active and retired employees	10,969,079	27,110,327	78,406,781	116,486,187
Operating budget without debt service				135,151,796
Total compensation as % of total operating budget				86.2%
% General Wage Adjustment	NOTE 4	NOTE 4	NOTE 4	
Cost of General Wage Adjustment (wages, social security)	NOTE 4	NOTE 4	NOTE 4	
Cost of other Wage Adjustment (wages, social security)				0
Cost per 1% General Wage Adjustment (wages, social security) SEE NOTE 2	67,671	168,993	562,343	799,007
Cost per furlough day (wages, social security)	30,387	72,996	229,769	333,152
Cost of increments for employees not at top of grade (wages, social security)	NOTE 4	NOTE 4	NOTE 4	
Cost of 1% increment for employees not at top of grade (wages, social security)	25,293	74,907	192,148	292,349

NOTE 4: \$2,105,692 has been included as a dollar marker for an increase to employee compensation in the FY20 Proposed Budget for the Admin and Park Funds. We are in a wage reopener with MC GEO and FOP for FY20.

MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY19 Approved Budget	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	83.00	305.00	530.35	918.35
Active employees:				
Wages	7,465,592	17,203,607	53,557,418	78,226,617
Social Security	94,757	1,215,352	3,988,422	5,298,531
Retirement	1,537,591	2,016,557	6,623,535	10,177,683
Group insurance for active employees	1,011,116	3,698,984	7,641,350	12,351,450
Total compensation for active employees	10,109,056	24,134,500	71,810,725	106,054,281
Retiree benefits: group insurance				
Pay as you go amount	421,105	1,552,761	3,004,305	4,978,171
OPEB pre-funding	256,297	945,057	1,828,510	3,029,864
Total compensation for retired employees	677,402	2,497,818	4,832,815	8,008,035
Total compensation for active and retired employees*	10,786,458	26,632,318	76,643,540	114,062,316
Operating budget without debt service*				128,815,933
Total compensation as % of total operating budget				88.5%
% General Wage Adjustment	1.50%	1.50%	1.50%	
Cost of General Wage Adjustment (wages, social security) SEE NOTE 1	91,892	216,584	740,101	1,048,577
Cost of other Wage Adjustment (wages, social security)	0	0	0	0
Cost per 1% General Wage Adjustment (wages, social security) SEE NOTE 2	61,261	144,389	493,401	699,051
Cost per furlough day (wages, social security)	29,078	70,842	221,330	321,251
Cost of increments for employees not at top of grade (wages, social security) SEE NOTE 3	187,159	431,926	1,208,148	1,827,233
Cost of 1% increment for employees not at top of grade (wages, social security) SEE NOTE 3	53,474	123,407	345,185	522,067

NOTE 1: COLAs effective as follows: MCGEO and Non-rep - 1.5% COLA effective October 07, 2018; FOP - 1.5% effective July 15, 2018

NOTE 2: Cost per 1% for MCGEO and Non-rep also reflects the effective date of October 07, 2018. Annualization multiplier for MCGEO and Non-rep = 1.14

NOTE 3: Increments are effective on annual review date; costs are for the remainder of the fiscal year following effective date

MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY20 Request	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	84.00	310.00	547.76	941.76
Active employees:				
Wages	7,801,216	17,723,066	55,734,449	81,258,731
Social Security	99,415	1,255,767	4,005,501	5,360,683
Retirement	1,260,119	1,522,419	5,146,996	7,929,534
Group insurance for active employees	1,157,390	4,206,800	8,885,769	14,249,959
Total compensation for active employees	10,318,140	24,708,052	73,772,715	108,798,907
Retiree benefits: group insurance				
Pay as you go amount	412,804	1,523,445	2,938,775	4,875,024
OPEB pre-funding	238,135	878,830	1,695,291	2,812,256
Total compensation for retired employees	650,939	2,402,275	4,634,066	7,687,280
Total compensation for active and retired employees	10,969,079	27,110,327	78,406,781	116,486,187
Operating budget without debt service				135,151,796
Total compensation as % of total operating budget				86.2%
% General Wage Adjustment	NOTE 4	NOTE 4	NOTE 4	
Cost of General Wage Adjustment (wages, social security)	NOTE 4	NOTE 4	NOTE 4	
Cost of other Wage Adjustment (wages, social security)				0
Cost per 1% General Wage Adjustment (wages, social security) SEE NOTE 2	67,671	168,993	562,343	799,007
Cost per furlough day (wages, social security)	30,387	72,996	229,769	333,152
Cost of increments for employees not at top of grade (wages, social security)	NOTE 4	NOTE 4	NOTE 4	
Cost of 1% increment for employees not at top of grade (wages, social security)	25,293	74,907	192,148	292,349

NOTE 4: \$2,105,692 has been included as a dollar marker for an increase to employee compensation in the FY20 Proposed Budget for the Admin and Park Funds. We are in a wage reopener with MCGEO and FOP for FY20.

MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Amount increase FY19-FY20	FOP	MC GEO	Nonrepresented	TOTAL
Workyears	1	5	17	23
Active employees:				
Wages	335,624	519,459	2,177,031	3,032,114
Social Security	4,658	40,415	17,079	62,152
Retirement	(277,472)	(494,138)	(1,476,539)	(2,248,149)
Group insurance for active employees	146,274	507,816	1,244,419	1,898,509
Total compensation for active employees	209,084	573,552	1,961,990	2,744,626
Retiree benefits: group insurance				
Pay as you go amount	(8,301)	(29,316)	(65,530)	(103,147)
The Annual Required Contribution	(18,163)	(66,227)	(133,219)	(217,608)
Total compensation for retired employees	(26,463)	(95,543)	(198,749)	(320,755)
Total compensation for active and retired employees				2,423,871

Percent increase FY19-FY20	FOP	MC GEO	Nonrepresented	TOTAL
Workyears	1.2%	1.6%	3.3%	2.5%
Active employees:				
Wages	4.5%	3.0%	4.1%	3.9%
Social Security	4.9%	3.3%	0.4%	1.2%
Retirement	-18.0%	-24.5%	-22.3%	-22.1%
Group insurance for active employees	14.5%	13.7%	16.3%	15.4%
Total compensation for active employees	2.1%	2.4%	2.7%	2.6%
Retiree benefits: group insurance				
Pay as you go amount	-2.0%	-1.9%	-2.2%	-2.1%
The Annual Required Contribution	-7.1%	-7.0%	-7.3%	-7.2%
Total compensation for retired employees	-3.9%	-3.8%	-4.1%	-4.0%
Total compensation for active and retired employees	0.0%	0.0%	0.0%	2.1%

*Total Compensation costs and total operating budget figures do not include chargebacks, debt service, or reserves.

*Work Years include Career Work Years for Tax Supported Funds Only

MONTGOMERY COUNTY GOVERNMENT

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
<u>Police (FOP)</u>											
Increment	3.5%	0.0%	0.0%	0.0%	3.5%(i)	3.5%(i)	3.5%	3.5%	3.5%	3.5%	3.5%(ac)
General adjustment (COLA)	0.0%	0.0%	0.0%	0.0%	2.1%(j)	2.1%(j)	2.0%(o)	0.5%+0.5%(p)	2.0%(s)	2.0%(y)	0.0%
Lump-sum payment	-	-	-	(c)	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	(z)	-
Longevity	-	-	-	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(ad)
<u>Fire (IAFF)</u>											
Increment	3.5%	0.0%	0.0%	0.0%	3.5%(k)	3.5%(k)	3.5%	3.5%	3.5%	3.5%	3.5%
General adjustment (COLA)	0.0%	0.0%	0.0%	0.0%	2.75%(n)	2.75%(n)	2.0%(o)	1.0%(q)	2.0%(t)	2.0%(y)	2.4%(ae)
Lump-sum payment	-	-	-	(c)	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Longevity	(a)	-	-	(e)	(e)	(e)	(e)	(e)	(u)	(u)	(u)
<u>Office, Professional, and Technical Bargaining Unit/Service, Labor, and Trade Bargaining Unit (MCGEO)</u>											
Increment	3.5%	0.0%	0.0%	0.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%(af)
General adjustment (COLA)	0.0%	0.0%	0.0%	0.0%	3.25%(l)	3.25%(l)	2.0%(o)	0.5%+0.5%(p)	2.0%(s)	2.0%(aa)	2.4%(ag)
Lump-sum payment	-	-	-	(c)	0.5%(m)	0.5%(m)	-	1.0%(r)	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	(w)	-	-
Longevity	(b)	-	-	(f)	(f)	(f)	(f)	(f)	(x)	(ab)	(ab)
<u>Non-Represented</u>											
Increment	3.5%	0.0%	0.0%	0.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
General adjustment (COLA)	0.0%	0.0%	0.0%	0.0%	3.25%(l)	3.25%(l)	2.0%(o)	0.5%+0.5%(p)	2.0%(v)	2.0%(aa)	2.0%(ah)
Lump-sum payment	-	-	-	(c)	0.5%(m)	0.5%(m)	-	1.0%(r)	-	-	-
Top of range adjustment	-	-	-	-	(h)	(h)	-	-	-	-	-
Longevity	-	-	-	(g)	(g)	(g)	(g)	(g)	(g)	(g)	(g)

(a) A new longevity adjustment at 28 years of service in July 2009 and additional steps on the salary schedule in July 2010.

(b) Longevity increased to 3.0%.

(c) \$2,000 lump sum payment to employees who completed probationary period by July 1, 2012.

(d) 3.5% longevity for FOP bargaining unit members who completed 20 years of service.

(e) 3.5% longevity increase for IAFF bargaining unit members who completed 20 years of service and an additional 3.5% longevity increase for IAFF bargaining unit members who completed 28 years of service.

(f) 3% longevity for OPT/SLT (MCGEO) bargaining unit members who completed 20 years of service and are at maximum of grade.

(g) 2.0% longevity/performance increment requires the employee to have 20 years of service, be at maximum of grade, and have two most recent years with a performance rating of exceptional or highly successful.

(h) MLS employees receive a salary schedule adjustment totaling 6.75%: 3.25% GWA and 3.5% market adjustment.

- (i) FOP members whose service increment was deferred during FY11, FY12, and/or FY13, and who were otherwise eligible, receive a salary adjustment of 1.75% effective the first full pay period following February 1, 2014, and following February 1, 2015, in addition to the FY14 and FY15 service increments.
- (j) GWA effective July 14, 2013, and July 13, 2014.
- (k) IAFF members who were eligible but who missed an FY11 service increment will receive it during the pay period beginning April 6, 2014; those who were eligible but who missed an FY12 increment will receive it during the pay period beginning June 14, 2015, in addition to the FY14 and FY15 service increments.
- (l) GWA effective September 8, 2013, and September 7, 2014.
- (m) 0.5% lump sum bonus given July 14, 2013, and July 13, 2014, for employees who are not scheduled to receive a longevity step during the fiscal year but who are at the maximum of their pay grade.
- (n) GWA effective July 14, 2013, and July 13, 2014.
- (o) Effective July 12, 2015.
- (p) 0.5% starting July 10, 2016, and 0.5% starting January 8, 2017.
- (q) 1.0% starting July 10, 2016.
- (r) 1.0% lump sum payment given July 10, 2016, for employees who are not scheduled to receive a longevity step during the fiscal year but who are at the maximum of their pay grade.
- (s) 2.0% starting July 9, 2017.
- (t) 2.0% starting October 1, 2017.
- (u) The second longevity step, currently available after completion of 28 years of service, will be available after completion of 24 years of service, effective July 1, 2017.
- (v) 2.0% starting August 6, 2017.
- (w) An additional step of 3.5% will be added to the Deputy Sheriff III, Deputy Sheriff Sergeant, Correctional Officer II, and Correctional Officer III classifications. The value of longevity is adjusted to accommodate the new steps at the top of the schedule.
- (x) The value of the longevity step will increase from 3.0% to 3.5% for eligible unit members on the Deputy Sheriffs and Correctional Officers Uniform Salary Schedules. The value of the longevity step for the OPT/SLT Salary Schedule remains at 3.0%.
- (y) 2.0% starting July 8, 2018.
- (z) \$1,000 lump sum payment for eligible unit members who had a service increment deferred in FY12 and/or FY13, paid the first full pay period following July 1, 2018.
- (aa) 2.0% starting December 9, 2018.
- (ab) The first longevity step, available after 20 years of service in FY18, will now be replaced and will be available after 18 years of service in FY19. A second longevity step is also added in FY19, to be paid after 24 years of service.
- (ac) MCGEO members whose service increment was deferred during FY11 will receive it following the first full pay period following January 1, 2020.
- (ad) Additional 3.5% longevity step after completion of 16 years of service; consequently, existing longevity step after completion of 20 years of service increased by 3.5%.
- (ae) 2.4% starting November 10, 2019.
- (af) FOP members whose service increment was deferred during FY12 or FY13 will receive it following the first full pay period following July 1, 2019.
- (ag) 2.4% starting November 24, 2019.
- (ah) 2.0% starting July 7, 2019.

MONTGOMERY COUNTY PUBLIC SCHOOLS

REC

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Teachers (MCEA)											
Increment	1.5-3.9%	0.0%(e)	0.0%(e)	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%(l)	1.5-3.9% (m)	1.5-3.9%(q)	1.5- 3.9%(r)
Negotiated salary schedule increase GWA	0.0%(d)	0.0%(e)	0.0%(e)	0.0%(f)	0.0%(f)	1.5%(g)	2.0%(h)(j)	1.0% (l)	1.0 % (m)	0 (q)	1% (r)
Lump-sum payment (a)	-	-	-	2.0%	2.0%	-	-	-	-	-	-
Top of range adjustment (b)	-	-	-	-	-	-	-	-	-	\$900 (q)	-
Admin. and Supervisory Personnel (MCAAP)											
Increment	3.0%(c)	0.0%(e)	0.0%(e)	3.0%(c)	3.0%(c)	3.0%(c)	3.0%(i)	3.0% (k)(l)	3.0% (m) (n)	3.0% (q) (p)	3.0%(r) (s)
Negotiated salary schedule increase GWA	0.0%(d)	0.0%(e)	0.0%(e)	0.0%(f)	0.0%(f)	1.5%(g)	2.0% (h)	1.0% (l)	1.0% (m)	2.0% (q)	1.0% (r)
Lump-sum payment (a)	-	-	-	2.0%	2.0%	-	-	-	-	-	-
Top of range adjustment (b)	-	-	-	-	-	-	-	-	-	-	-
Business and Operations Administrators (MCBOA)											
Increment	3.0%	0.0%(e)	0.0%(e)	3.00%	3.00%	3.0%	3.0%	3.0% (l)	3.0% (m)	3.0% (q)	3.0% (r)
Negotiated salary schedule increase GWA	0.0%(d)	0.0%(e)	0.0%(e)	0.0%(f)	0.0%(f)	1.5%(g)	2.0% (h)	1.0% (l)	1.0% (m)	2.0% (q)	1.0% (r)
Lump-sum payment (a)	-	-	-	2.0%	2.0%	-	-	-	-	-	-
Top of range adjustment (b)	-	-	-	-	-	-	-	-	-	-	-
Supporting Services Employees (SEIU Local 500)											
Increment	1.9-5.5%	0.0%(e)	0.0%(e)	1.9-5.5%	1.9-5.5%	1.6-5.6%	1.6-5.6%	1.7-5.5% (l)	1.7-5.5% (m)	1.7-5.5% (q)	1.6-5.6% (r)
Negotiated salary schedule increase GWA	0.0%(d)	0.0%(e)	0.0%(e)	0.0%(f)	0.0%(f)	1.5%(g)	2.0% (h)	1.0% (l)	1.0% (m)	0 (q)	1.0% (r)
Lump-sum payment (a)	-	-	-	2.0%	2.0%	-	-	-	-	-	-
Top of range adjustment (b)	-	-	-	-	-	-	-	-	-	\$900 (q)	-
Non-Represented	All non-represented employees (except nonscheduled Executive staff and chief negotiator positions) receive the same increments and other salary adjustment as the bargaining units for which these positions are covered.										
Increment											
Negotiated salary schedule increase											
Lump-sum payment											
Top of range adjustment											

- (c) The salary range is 3.0% except for the movement between steps 9 and 10 in lanes O, P, and Q. This increment is 1%.
- (d) The 2008-2010 contracts with MCAAP, MCBOA, MCEA, and SEIU Local 500 included, for FY 2010, a 5.3% GWA and other salary-related improvements. Due to the fiscal situation, no GWA was provided in FY 2010.
- (e) Due to the fiscal situation in FY 2011 and FY 2012, no GWA or increments were awarded.
- (f) For FY 2013 and FY 2014, there was no provision for a GWA, however eligible employees received a step on July 1, 2012. Employees who were eligible for a step increase in FY 2011 also receive a make-up step on May 4, 2013; Employees not eligible for the July 1 step will receive 2% increase on July 1, 2012. FY 14, there was no provision for a GWA. However eligible employees hired prior to February 1, 2013, who are not at the top of their range, moved one step from their current step on the schedule effective February 8, 2014. Employees not eligible for steps or longevity increases will receive 2% salary increase on February 8, 2014.
- (g) For FY 2015, there was a provision for a 1.5% GWA and step for eligible employees that was awarded on November 15, 2014.
- (h) For FY 2016, there was a 2.0% GWA that was awarded on October 17, 2015.
- (i) The MCAAP salary increment is 3.0% except for the movement between steps 9 and 10 in lanes O, P, and Q. This increment is 1%.

- (j) The 2015 – 2017 contracts with MCAAP/MCBOA, MCEA, and SEIU Local 500 included, for FY 2017, provisions for a salary increment and a 2.0% GWA for eligible employees on September 3, 2016. In addition, the contract included provisions for a make-up step for eligible employees on March 3, 2017. To accommodate the March 3, 2017 salary increase, the salary schedules for all unions were adjusted. This action for FY 2017 was not provided due to lack of funding
- (k) For FY 2017, the MCAAP salary increment is 3.0% except for the movement between step 10 in lanes O, P, and Q. This increment is 1.0%.
- (l) For FY 2017, the contracts with MCAAP/MCBOA, MCEA, and SEIU Local 500 included provisions for a salary increment and a 2.0% GWA for eligible employees on September 3, 2016. In addition, the contract included provisions for the FY 2012 a make-up step for eligible employees on March 3, 2017. To accommodate the March 3, 2017 salary increase, the salary schedules for all unions were adjusted. The make-up step was not provided due to lack of funding, however a 1% GWA was provided.
- (m) For FY 2018, the three-year union contract agreements ratified on March 11, 2014 will expire at the end of FY 2017. While final terms of the contracts are not available at the time of this report, the FY 2018 Operating Budget includes funding for the projected requirements of these contracts. The budget includes a 1.0% GWA and an incremental step increase for eligible employees to be implemented on July 1, 2017.
- (n) For FY 2018, the projected MCAAP salary increment is 3.0% except for the movement between step 10 in lanes O, P, and Q. This increment is 1.0%.
- (o) For FY 2019 - As of the time of this report, the contract agreement between the three unions has not been ratified. However, once contracts are final an updated report will be provided.
- (p) For FY 2019, the projected MCAAP salary increment is 3.0% except for the movement between step 10 in lanes O, P, and Q. This increment is 1.0%.
- (q) For FY 2019 the final ratified contract included the following for the three unions:
- MCAAP & MCBOA – There was a 2% GWA that was awarded on 7/1/18. All eligible employees in this union received a scheduled 3% step increase. Union members voted to not receive a make-up step in order to receive 2% GWA
 - MCEA – All eligible employees received a scheduled step increase on 7/1/18; Teachers paid on off-scale salary code 50 moved to step 25 on the salary schedule and teachers paid on off-scale code 60 moved to off-scale code 55; Members of this union who were members during FY 2011 and missed a scheduled step increase during FY2012, and who continue to serve in a position comparable to the position held in FY 2012, received salary scale credit for the make-up step, effective January 5, 2019; A unit member whose annual salary rate does not increase over that unit member's FY 2018 annual salary rate as a result of any of the aforementioned agreements will receive a one-time bonus payment of \$900, pro-rated by total FTE, paid on 10/26/18
 - SEIU – Members of the bargaining unit who were members during FY2011 and missed a scheduled step increase during FY 2012 and whose primary position continues to be at the same grade as, or lower than, the position held in FY 2012 received salary scale credit on 7/1/18 for the missed year if the make-up step impacted the current rate of pay. All eligible employees received scheduled step increase on 7/1/18; Off-scale steps 50 and 60 were moved to step 13 and 17. Unit members on step 10 on 6/30/18, were moved to step 10 through 17 based on total time on step 10; Unit members whose hourly pay rate does not increase over the unit member's FY 2018 annual salary rate as a result of any of the aforementioned agreements will receive a one-time bonus payment of \$900, pro-rated by total FTE, paid on 10/26/18
- (r) For FY 2020, there is a provision for a 1% GWA and a step increment that will be awarded on 7/1/19 for all unions.
- (s) For FY 2020, the projected MCAAP salary increment is 3.0% except for the movement between step 10 in lanes O, P, and Q. This increment is 1.0%.

MONTGOMERY COLLEGE

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Faculty (AAUP)		(b)									
Increment	-	-	-	-	3.5%	3.5%	3.5%	3.5%		2.0%	-
General adjustment (COLA)	-	-	-	-	2.25%	2.5%	2.5%	1.0%	TBD (g)	1.0%	-
Lump-sum payment	\$2,372(a)	-	2.0%(e)	-	-	-	-	-		-	2.5% (h)
Top of range adjustment	-	-	-	-	3.0%	3.0%	-	-		-	-
Administrators		(c)			0.0%-	0.0%-	0.0%-				
Increment	0.0%	-	-	-	5.5%(f)	5.5%(f)	5.5%(f)	3.5%	2.0%	2.0%	-
General adjustment (COLA)	-	-	-	-	2.25%	2.5%	2.5%	1.0%	1.0%	1.0%	-
Lump-sum payment	-	-	2.0%(e)	-	-	-	-	-	-	-	2.0% (h)
Top of range adjustment	-	-	-	-	3.0%	3.0%	-	-	-	-	-
Staff - Non-Bargaining and Bargaining		(d)									
Increment	3.0%	-	-	-	3.5%	3.5%	3.5%	3.5%	2.0%	2.0%	-
General adjustment (COLA)	-	-	-	-	2.25%	2.5%	2.5%	1.0%	1.0%	1.0%	-
Lump-sum payment	\$500(a)	-	2.0% (e)	-	-	-	-	-	-	-	TBD (h)
Top of range adjustment	-	-	-	-	3.0%	3.0%	-	-	-	-	-

- (a) Staff- lump sum one-time payment of \$500 for employees at top of scale; faculty – lump sum one-time payment ranging from \$500-1,000 depending on salary; base pay increase of \$2,372 is delayed until October 23, 2009.
- (b) Faculty furloughed 3 days based on academic year calendar (equivalent to 4 staff days).
- (c) Administrators furloughed 8 days.
- (d) Staff furloughed 4 days below grade N; 8 days grade N and above.
- (e) One-time payment of the greater of \$2,000 or 2%. This is not added to base pay.
- (f) Administrators may receive between a 0.0% and 5.5% pay for performance bonus in lieu of an increment.
- (g) Subject to pending contract renegotiations.
- (h) The recommended FY20 operating budget includes \$5.3 million for employee compensation adjustments. The lump-sum increase for non-bargaining staff is 2.0%. The lump-sum increase is added to base pay. The College is currently in negotiations with bargaining staff and the allocation of the resources for that employee groups has not been determined.

MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Non-Represented											
Increment	3.5%	0.0%	0.0%	0.0%	3.0%	3.5%	1.75%	1.75%	3.5%	3.5%	
General adjustment (COLA) (effective date)	0.0%	0.0%	0.0%	0.0%	3.0%	2.0%	1.75%	1.75%	1.5%	1.5%	
Lump-sum payment	-	-	-	\$2,000	(c)	(9/14)	(9/15)	(9/16)	(8/17)	(10/18)	(f)
Top of range adjustment	(a)	-	-	-	-	-	-	-	-	-	
Service/Labor, Trades, and Office/Clerical Bargaining Units (MCGEO, Local 1994)											
Increment	\$780(b)	0.0%	0.0%	0.0%	3.5%	3.5%	1.75%	1.75%	3.5%	3.5%	
General adjustment (COLA) (effective date)	\$640(b)	0.0%	0.0%	0.0%	2.5%	2.0%	1.75%	1.75%	1.5%	1.5%	
Lump-sum payment	-	-	-	\$2,000	(c)	(9/14)	(9/15)	(9/16)	(8/17)	(10/18)	(f)
Top of range adjustment	-	-	-	-	-	-	(e)	(e)	(e)	(e)	
Park Police (FOP, Lodge 30)											
Increment	3.5%	0.0%	0.0%	0.0%	3.5%	7.0%(d)	3.5%	3.5%	3.5%	3.5%	
General adjustment (COLA) (effective date)	3.75%	0.0%	0.0%	0.0%	2.5%	1.75%	1.75%	0.5%	1.5%	1.5%	
Lump-sum payment	-	-	-	\$2,000	-	(7/14)	(7/15)	(7/16)	(7/17)	(7/18)	(f)
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	

(a) 3.75% range adjustment for Park Police Command Staff.

(b) FY0: replacing effective a normal COLA and merit, a \$1,420 (pro-rated) wage adjustment instead was provided to each MCGEO member (applied up to, but not beyond the top of the first pay period following July 1, 2009. Of the \$1,420, \$640 was distributed to every MCGEO member, and the rest \$780 (maximum assuming satisfactory performance rating) was pro-rated based on anniversary date and adjusted based on performance rating.

(c) Non-Rep: employees at top of grade received full COLA on Oct. 13, 2013; employees not at top of grade received 1.5% Oct 13 and 1.5% on Jan. 5, 2014. MCGEO: employees at top of grade received 2.75% COLA on Oct 13; employees not at top of grade received 1.25% Oct 13 and 1.25% on Jan 5.

(d) One increment (3.5%) on anniversary, and one additional increment (3.5%) effective January 2015.

(e) Lump sum of 0.5% effective July 2015, July 2016, July 2017 and July 2018 for MCGEO and Non-Represented at top of grade.

(f) Compensation is unknown at this time and is subject to current labor negotiations with MCGEO and FOP. The two County Councils will be determining whether to fund the Commission's proposed FY20 compensation at the May joint Council meeting.

WASHINGTON SUBURBAN SANITARY COMMISSION

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
AFSCME											
Merit pay adjustment (a)	3.0%(b)(c)	3.0%(b)(c)	3.0%(b)(c)	3.0%(b)(c)	1.5%(b)(c)	3.0%(b)(c)	3.0%(b)(c)	3.0%(b)(c)	3.0%(b)(c)	3.0%(b)(c)	3.0%(b)(c)
General adjustment (COLA)	0.0%	0.0%	2.0%(d)	2.0%	3.0%	3.25%	2.0%	1.0%(e)	1.5%	2.0%(f)	2.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Non-Represented											
Merit pay adjustment (a)	3.0%(b)(c)	0.0%	0.0%	3.0%(c)	1.5%(c)	3.0%(c)	3.0%(c)	3.0%(c)	3.0%(c)	3.0%(c)	3.0%(c)
General adjustment (COLA)	0.0%	0.0%	0.0%	2.0%	3.0%	3.25%	2.0%	1.0%(e)	1.5%	2.0%(f)	2.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-

- (a) WSSC has a performance-based merit pay system. Adjustments to base pay are based upon annual employee evaluations. In FY09, a new Performance Management System applies to all employees except those reporting directly to the Commissioners or in a bargaining unit. A rating of 3.0 and above will result in a corresponding percentage pay increase. A rating below 3.0 will result in a Performance Improvement Plan (PIP). Employees rated below a 2.0 numerical rating or employees who do not successfully complete their PIP are subject to release.

The merit pay salary adjustments associated with each performance rating category FY94-FY08 were:

	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Superior	5.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	0.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Commendable	-	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Fully satisfactory	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Needs improvement	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unsatisfactory	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

- (b) Merit pay adjustment was replaced with skill-based compensation for some bargaining unit employees in FY02.
- (c) Employees at grade maximum who receive above average evaluations may receive a onetime cash payment.
- (d) Contract ratified by the union and approved by the Commission included a 2.0% COLA for represented employees. Non-represented employees did not receive a COLA.
- (e) Contract ratified by the union and approved by the Commission included a 2.0% COLA for represented employees with pass through to non-represented employees. Reduced to 1.0% to make is consistent with the compensation for County employees in FY17.
- (f) Includes COLA negotiated with AFSCME with pass through to non-represented employees. Salary enhancements to be recommended by the Montgomery and Prince George's Counties during the FY19 budget approval process. There is a pool of \$5.5 million for salary enhancements. The specific use of these funds will be determined as the two Counties make decisions about salary enhancements for their employees.

ALEXANDRIA CITY GOVERNMENT
(Compensation not subject to collective bargaining)

	FY09	FY10	FY11(h)	FY12(c)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Police												
Increment	Yes	No	Yes	2.3-5.0%	2.3%-5.0%	2.3%-5.0%	2.3%-5.0%	2.3%-5.0%	TBD		2.3%-5.0%	2.3%-5.0%
General adjustment (COLA)	- (a)	-	-	-	-	-	-	-			-	-
Lump-sum payment	-	-	Yes	-	Yes(d)	Yes (f)	-	4.5%, 5%			6.22%	-
Top of range adjustment				-	-	-	-	(g)				-
Fire												
Increment	Yes	No	Yes	2.3-5.0%	2.3%-5.0%	2.3%-5.0%	2.3%-5.0%	2.3%-5.0%	TBD		2.3%-5.0%	2.3%-5.0%
General adjustment (COLA)	- (a)	-	-	-	-	-	-	-			-	-
Lump-sum payment	-	-	Yes	-	Yes(d)	Yes (f)	-	-			5%	-
Top of range adjustment				-	-	-	-	-				-
All Employees												
Increment	Yes	No	Yes	2.3-5.0%	2.3%-5.0%	2.3%-5.0%	2.3%-5.0%	2.3%-5.0%	TBD		2.3%-5.0%	2.3%-5.0%
General adjustment (COLA)	- (a)	-	-	-	-	-	-	-			-	-
Lump-sum payment	-	-	Yes	-	Yes(e)	Yes (f)	-	-			-	-
Top of range adjustment				-	-	-	-	-			5-10% (4 Sheriff's Deputy Classifications)	2.37% (Sheriff's Deputies)

- (a) In FY09 eligible City employees received a **one-time pay supplement** of \$500 and employees at the top of their grade with a **one-time** 2% pay supplement.
- (b) In FY11 general and public safety pay scale added an additional step, "Q".
- (c) In FY12, general and public safety pay scale added an additional step, "R".
- (d) In FY13, a 2.3% one-time pay supplement was given to sworn public safety employees at the top of their grade if warranted by performance.
- (e) In FY13, the two lowest steps were eliminated in the general scale and a new step (2.3%) was added to the top of the scale.
- (f) In FY14, it is proposed that all employees at the top of their grade will receive a one-time pay supplement of 2.3% of base salary on their anniversary date if they receive a satisfactory performance evaluation.
- (g) In FY16, the Police Pay scale received a 4.5% increase for a market rate adjustment, which provided equivalent pay increases to all sworn positions; additionally, a 5% targeted pay adjustments for entry officers and lieutenants were also funded.
- (h) In FY17, PENDING
- (i) In FY18, PENDING
- (j) In FY19, the Police pay scale received a 6.22% increase, Fire pay scale received 5%, and four sheriff's deputy classifications were increased 5% or 10%. In all cases, the employees who were in positions that were assigned to the affected pay grades received pay increases that were equivalent to the increased percentage that was applied to the grade.
- (k) In FY20, the Sheriff's pay scale is proposed to be increased by 2.37% which will be provided equivalent pay increases to all positions that are assigned to this pay scale.

ANNE ARUNDEL COUNTY GOVERNMENT
(Compensation subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Police											
Increment (a)	Yes(b)	No	No	No	No ^(f)	3%	0%	3%	3%	Yes	TBD
General adjustment (COLA)	0.0%	0.0%	0.0%	0.0%	3%	3%	3%	(l)	1% ^(j)	Yes ^(p)	
Lump-sum payment	-	-	-	-	-	-	-	Yes ^(g)	Yes		
Top of range adjustment	3.0%	No	No	No	-	3.0%	3.0%	Yes ^(h)	Yes		
TBD											
	Yes(c)	No	No	5%(e)	3%	3%	0%	3% ^(k)	(l)	Yes	TBD
	0.0%	0.0%	0.0%	0.0%	3%	3%	3%	0%	0%	Yes	
	-	-	-	-	-	-	-	-	-		
	5%	No	No	5%	0%	0%	3%	(m)	(n)		
Other											
Increment (a)	Yes	No	No	No	No	No	No	(o)	No	Yes	TBD
General adjustment (COLA)	0.0%	0.0%	0.0%	0.0%	3%	3%	3%	0%	2%	Yes	
Lump-sum payment	-(d)	-(d)	-(d)	-	-	-	-	-	-		
Top of range adjustment	3.0%	No	No	No	1.5%	4.5%	3%	2%	3%		
Non-Represented											
Increment (a)	No	No	No	No	3%	3%	0%	2%	4%	Yes	TBD
General adjustment (COLA)	0.0%	0.0%	0.0%	0.0%	4%	4%	2%	0%	2%	Yes	
Lump-sum payment	(d)	(d)	(d)	-	-	-	-	-	-		
Top of range adjustment	No	No	No	No	-	2%	2%	0%	6%		

Top of range adjustments are equivalent to COLA identified unless otherwise footnoted.

(a) Merit increases are performance based and determined through the use of employee evaluations.

(b) Merit amount negotiated at 3%.

(c) Merit amount renegotiated and reduced to 3%.

(d) FY11 and FY12, both Non-represented and Other (Clerical and Labor & Trades unions) were required to take 12 furlough days.

(e) Fire union is in arbitration. County's position is 5% adjustment in pay will be made if union accepts increase in work hours.

(f) Placement on pay grid in lieu of Merit

(g) Police sergeants and lieutenants received a \$1,930 increase

(h) Police sergeants and lieutenants receive a \$2,500 lump sum on meeting a minimum performance in FY17 and FY18. They receive a one-time \$1000 scaled adjustment in FY17 and FY18.

(j) FOP received 1% increase; Sergeants and lieutenants received approximately 2%

(l) Sergeants and Lieutenants received a \$1,930 pay increase. Lower ranked police officers received 0.

(k) Battalion chiefs received 3% increase; lower ranks received ½ way step placement

(l) 7% above Captain; 10% cap; Others – years of service step placement

(m) IAFF – New Scale Grid Placement; Battalion chiefs – 0%

(n) IAFF -new step scale; Battalion chiefs – 7%

(o) One-time lump sum - \$4,000

(p) 15% increase over two years; \$5,000 bonus for new recruits; \$2,500 property tax credit

ARLINGTON COUNTY GOVERNMENT
(Compensation not subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Police											
Increment	3.0%	0.0%	2.5%	2.5%	2.5%	3.57%(e)	3.57%(e)	3.57%(e)	3.57%(e)	3.50%	5.50%
General adjustment (COLA)	0.0%	1.0% (a)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.75%	0.0%
Lump-sum payment	-	-	2% (b)	1.0% (c)	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	(d)	-	-	-	3.75%	Varies by rank
Fire											
Increment	3.0%	0.0%	2.5%	2.5%	2.5%	3.43%(g)	3.43%(g)	3.43%(g)	3.43%(g)	3.50%	5.50%
General adjustment (COLA)	0.0%	1.0% (a)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.50%	0.0%
Lump-sum payment	-	-	2%(b)	1.0% (c)	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	(f)	-	-	-	5.50%	Varies by rank
Other Employees											
Increment	3.0%	0.0%	2.5%	2.5%	2.5%	2.8%	2.7%	2.7%	3.25%(j)	3.25%	3.25%
General adjustment (COLA)	0.0%	1.0% (a)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	0.0%
Lump-sum payment	-	-	2.0%(b)	1.0% (c)	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	(h)	(i)	(k)	1.0%	2.0%

- (a) The County Board approved a 1% market pay adjustment for permanent employees effective January 1, 2010.
- (b) The FY11 Adopted Budget included funding for step increases as well as a 2% lump sum payment for employees who had been at the top of their pay grade for at least one year. The average increment is 2.5%. Step values are still the same: Step 1-5 are 4.1% increment; steps 6-10 are 3.3% increment, and steps 10-18 are 2.3% increment.
- (c) The FY12 Adopted budget included funding for step increases as well as a 1% lump sum payment for employees who had been at the top of their pay grade for at least one year.
- (d) Transitioned to new Police pay scale, separate from general pay scale. Police pay scale dropped all steps and replaced with open ranges within grades.
- (e) Increases within open ranges are 4.5% for first increase and 3.5% for each increase thereafter. Average increment increase calculated with 15 years of increases, which is the approximate length of time to reach maximum of range from minimum.
- (f) Transitioned to new Fire pay scale, separate from general pay scale. Fire pay scale replaced 18 step scale with 16 step scale.
- (g) Step increases are 4.5% for step 1 and 3.36% for all increases between step 2 and step 16.
- (h) The County Board approved a 1% increase for those at the maximum of their pay range at the beginning of FY2015.
- (i) No change to maximum approved
- (j) Proposed moving to open ranges (no steps), all employees that meet expectations would receive a 3.25% increase
- (k) Proposed dropping steps 2 and 3 and increasing the Range Maximum by 1.75%

BALTIMORE COUNTY GOVERNMENT
(Compensation subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Police (FOP)											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	TBD			Yes
General adjustment (COLA)	2%(a)	-	-	-	-	-	3%(c)				3%
Lump-sum payment	-	-	-	-	-	3%(b)	-				-
Top of range adjustment	-	-	-	-	-	-	-				-
Fire											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	TBD			Yes
General adjustment (COLA)	2%(a)	-	-	-	-	-	3%(c)				3%
Lump-sum payment	-	-	-	-	-	3%(b)	-				-
Top of range adjustment	-	-	-	-	-	-	-				-
Other Employees											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	TBD			Yes
General adjustment (COLA)	2%(a)	-	-	-	-	-	3%(c)				2%(d)
Lump-sum payment	-	-	-	-	-	3%(b)	-				-
Top of range adjustment	-	-	-	-	-	-	-				-

(a) Effective January 1.

(b) Effective 10/2014.

(c) Effective 7/1/2015

(d) Effective June 30, 2020. (Note that FY19 pay increase became effective on January 1, 2019)

FAIRFAX COUNTY GOVERNMENT
(Compensation not subject to collective bargaining)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Police												
Increment (a)	Yes	No	No	No	Yes(b)	No	No	Yes	Yes	No	Yes	2.25%
General adjustment (COLA)	2.96%	-	-	-	-	-	1.29%	1.1%	1.33%	1.65%	2.25%	-
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	2.96%	-	-	-	-	-	1.29%	1.1%	1.33%	1.65%	2.25%	-
Other: Market rate adjustment	-	-	-	-	2.18%	-	-	-	-	-	-	1%
Firefighters												
Increment (a)	Yes	No	No	No	Yes(b)	No	No	Yes	Yes	No	Yes	2 %
General adjustment (COLA)	2.96%	-	-	-	-	-	1.29%	1.1%	1.33%	1.65%	2.25%	-
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	2.96%	-	-	-	-	-	1.29%	1.1%	1.33%	1.65%	2.25%	-
Other: Market rate adjustment	-	-	-	-	2.18%	-	3.0%	-	-	-	-	1%
Other Employees												
Increment (a)	No	No	No	No	2.5%(c)	No	No	Yes	Yes	No	Yes	2%
General adjustment (COLA)	-	-	-	-	-	-	2.29%	1.1%	1.33%	1.65%	2.25%	-
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	2.96%	-	-	-	-	-	2.29%	1.1%	1.33%	1.65%	2.25%	-
Other: Market rate adjustment	-	-	-	-	2.18%	-	-	-	-	-	-	1%

- (a) Approximately 40% of all County employees are eligible for merit increment annually due to 2-3 year hold; effective from FY2002, general (non-public safety) no longer has steps in grades.
- (b) Beginning on pay period 14.
- (c) Does not take effect until January 2013.

FREDERICK COUNTY GOVERNMENT
(Compensation not subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Sheriff (Subject to Collective Bargaining)											
Increment	(b)	(b)	(b)	Yes(f)	Yes(g)	Yes(h)	No	Yes	Yes	(n)	Yes ^(o)
General adjustment (COLA)	(b)	(b)	(b)	1.0%	1.0%	2.0%					2%
Lump-sum payment	(b)	(b)	(b)	(f)	(g)	(h)		(l)	(m)		-
Top of range adjustment	-	-	-	-	-	-					-
Fire (Subject to Collective Bargaining)											
Increment	No	(e)	(e)	Yes(f)	Yes(g)	Yes(h)	No	Yes	Yes	(n)	-
General adjustment (COLA)	No(d)	(e)	(e)	1.0%	1.0%	2.0%					
Lump-sum payment	No	(e)	(e)	(f)	(g)	(h)		(l)	(m)		
Top of range adjustment	-	(e)	(e)	-	-	-					
Other Employees											
Increment	No	No	No	Yes(a)	Yes(a)	Yes(a)	No	Yes	Yes	(n)	Yes ^(p)
General adjustment (COLA)	No(d)	No(d)	No(d)	1.0%	1.0%	2.0%					-
Lump-sum payment	No	No	No	No	No	No		(l)	(m)		-
Top of range adjustment	-	-	-	-	-	-					-

- (a) Step increases have been replaced by merit raises, which are calculated at 3.5% of the midpoint of the grade range.
- (b) For FY 2008 & FY 2009, sworn law enforcement officers and correctional positions on pay scale based on collective bargaining. There were no adjustments for FY 2010 or 2011.
- (c) All employees received a 2.0% COLA, plus full-time employees received a \$400 fixed COLA, part-time employees received a \$200 fixed COLA.
- (d) Reverse COLA and furloughs may be considered as budget balancing options.
- (e) For FY 2012, collective bargaining with fire/rescue positions has begun and is still under negotiation. No increase agreed to in FY 2011.
- (f) For FY 2013, collective bargaining with fire/rescue-new pay scale complete. Approved includes a One Step increase (not cumulative) based on years of service and a 1.0% COLA.
- (g) For FY 2014, collective bargaining for fire/rescue & sheriff uniformed positions – Approved includes Step increase (4.5% of base Step 1) and a 1.0% COLA.
- (h) For FY 2015, collective bargaining for fire/rescue & sheriff uniformed positions – Recommended includes Step increase (4.5% of base Step 1) and a 2.0% COLA.
- (i) For FY 2013, collective bargaining with fire/rescue-new pay scale complete. Approved includes a One Step increase (not cumulative) based on years of service and a 1.0% COLA.
- (j) For FY 2014, collective bargaining for fire/rescue & sheriff uniformed positions – Approved includes Step increase (4.5% of base Step 1) and a 1.0% COLA.
- (k) For FY 2015, collective bargaining for fire/rescue & sheriff uniformed positions – Recommended includes Step increase (4.5% of base Step 1) and a 2.0% COLA.
- (l) For 2017, Police Uniformed receive a new pay scale – 11% increase. Fire personnel received a Step increase (4.5% of base Step 1), no COLA. Other employees – eligible employees received a Merit increase (3.5% of the mid-point of their grade), no COLA
- (m) The County Executive present the FY18 Proposed Budget today (4-13-2017) and it includes a 2% COLA for all employees.
- (n) The County Executive present the FY19 Proposed Budget on April 12, 2018 and it includes a step increase (3.5% of the mid-point of the employee's grade) and the agreement with Frederick County firefighters
- (o) The Sheriff's uniformed employees are receiving the pay for whatever number of steps it takes to bring them to match their respective years in service. The County Executive presented the FY20 Proposed Budget on April 15, 2019. It includes the first year of a three-year contract for sheriff deputies and corrections.
- (p) The County Executive presented the FY20 Proposed Budget on April 15, 2019. It includes a step increase for all general county workers (3.5% of the mid-point of the employee's grade).

PRINCE GEORGE'S COUNTY GOVERNMENT
(Compensation subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Police (sworn)											
Increment	3.5%(a)(d)	3.5%(a)(d)	3.5%(a)(d)	3.5%(a)(d)	3.5%	3.5%	(e)	-	3.5%(k)	3.5%	3.5%
General adjustment (COLA)	-	-	-	-	-	-	(f)	-	-	-	1.5%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	(m)	3.5%	-
					2.5%	-	-	-			
Fire (sworn)											
Increment	(b)	(b)	-	-	3.5%(h)	3.5%(h)	(e)	-	3.5%(k)	3.5%	3.5%
General adjustment (COLA)	-	-	-	-	-	-	(f)	-	2.0%(l)	2.0%	2.0%
Lump-sum payment	-	-	(c)	(c)	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	3.5%	3.5%	-
General Schedule											
Increment	(b)	(b)	-	-	-	-	-	-	3.5% (a)	3.5%	3.5%
General adjustment (COLA)	-	-	-	-	2.5%(i)	2%	-	3% (j)	1.0% (j)	1.0%	1.0%
Lump-sum payment	-	-	(c)	(c)	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	3%	-	-
Others											
Increment	(b)	(b)	-	-	3.5%(h)	3.5%(h)	(e)	3.5% (k)	3.5% (k)	3.5%	3.5%
General adjustment (COLA)	-	-	-	-	(i)	2%	(g)	3% (j)	(j/n)	2.0%	1.5%
Lump-sum payment	-	-	(c)	(c)	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	3.5%	3.5%(m)	-	-

- (a) As a general rule, merit increases are valued at 3.5%. In some pay scales, steps may be valued at 2.5% or 3.0%. For fire sworn unit members, special provisions may apply.
- (b) Employees did not receive COLAs or merits in FY10 or FY11. Employees were furloughed eighty (80) hours in FY09 and FY10.
- (c) For FY12 a one-time bonus payment of \$1,000 and, for FY13, a bonus payment of \$1,250 was offered to union employees and provided for non-union employees. The legislation pertaining to General Schedule employees has been approved by County Council.
- (d) In FY13, sworn police officers received merit increases for FY10, FY11, FY12 and FY13 based on interest arbitration between the Fraternal Order of Police and the County. The decision was rendered in September 2012 and there were no retroactive payments.
- (e) Merit pay for FY2016 will be paid in FY2017 on anniversary dates with no retroactivity. Merit pay for FY 2017 will be paid
- (f) In FY16, for union represented police officers, firefighters, and deputy sheriffs, covered employees will receive a 2.0% COLA if the FY16 Total County Source General Fund Revenues are forecasted to be at least 3.5% above the published FY16 Spending Affordability Committee's General Fund Forecast. If revenues are forecasted to be less than 3.5%, but more than 2.5% above the SAC General Fund Forecast, covered employees will receive a 1.0% COLA. The County were to review revenue information in Dec. 2015 and will again in March 2016 to determine if sufficient revenues are forecasted to pay 1.0% or 2.0%. Based on current estimates, it is likely that sworn public safety employees will receive a 1.0% COLA, effective April 2016; no retroactivity.
- (g) The contingent COLA provision for non-sworn public safety and other employees requires revenues to be forecasted at 3.5% above the SAC Forecast; if this threshold was met, it would have triggered a 3.5% COLA. However, as this threshold was not met, there was no COLA for FY16 for these employees.

- (h) Sworn Staff (Deputy Sheriff)- FY 2012, 2013, 2014 merits paid in FY 2014 and FY 2010 and FY 2011 and FY 2015 paid in FY 2015. No retroactivity on payments. Corrections (sworn) – FY 2014 Merit paid in FY 2014 and FY 2013 and FY 2015 merit paid in FY 2015. No retroactivity. Civilian – 3.5% (FY 2014) and 3.5% (FY 2015).
- (i) 2.5% COLA effective August 2013 and 2.5% effective March 2014. (CR-44-2014). AFSCME – 2.5% COLA July 2013 and 2.5% COLA March 2014; Corrections (sworn) – 3% COLA effective November 2013 and 2.5% COLA effective March 2014 (FY 2014) and 3% COLA effective July 2014 and 3% effective March 2015 (FY 2015). Corrections (civilian) – 2.5% COLS effective October 2013 (FY 2014) and 2.5% effective October 2014 (FY 2015).
- (j) G-Scale and AFSCME only - FY 2017 - 3% COLA effective January 2017. FY 2018 – 1% COLA effective January 2018.
- (k) AFSCME – 3.5% merit only. All Others - Merit pay for FY 2017 will be paid in FY 2018 on anniversary dates with no retroactivity. Merit pay for FY 2018 will be paid.
- (l) Two percent (2%) COLA the first full pay period beginning on or after July 1, 2017. Two percent (2%) COLA the first full pay period beginning on or after January 1, 2018.
- (m) Max of scales adjusted for all unions. Additionally, specific wage scale adjustments were approved for Police (sworn) and Deputy Sheriffs which impact starting pay and other steps.
- (n) Civilian Unions (except AFSCME) 2% COLA effective October 2017. Corrections (sworn) – 3% COLA effective October 2017. Deputy Sheriff (sworn) – 1.5% COLA effective January 2018.

ALEXANDRIA CITY PUBLIC SCHOOLS
(Compensation not subject to collective bargaining)

	FY10	FY11	FY12(d)	FY13(e)	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Teachers											
Increment (a)	½-year	½-year	Yes	-	½-year	-	Yes	Yes	Yes	Yes	Yes
General adjustment (COLA)	-	-	-	7.2%(f)	-	1.0%	-	-	-	-	1%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	2% ½-year(b)	-	2.0%(c)	-	-	-	Yes(g)	Yes(g)	Yes(g)	Yes(g)	1%
Administrative and Supervisory Personnel											
Increment (a)	½-year	½-year	Yes	-	½-year	-	Yes	Yes	Yes	Yes	Yes
General adjustment (COLA)	-	-	-	7.2%(f)	-	1%	-	-	-	-	1%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Other	2% ½-year(b)	-	2.0%(c)	-	-	-	Yes(g)	Yes(g)	Yes(g)	Yes(g)	1%
Supporting Services Employees											
Increment (a)	½-year	½-year	Yes	-	½-year	-	Yes	Yes	Yes	Yes	Yes
General adjustment (COLA)	-	-	-	7.2%(f)	-	2.0%	-	-	-	-	1%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	2% ½-year(b)	-	2.0%(c)	-	-	-	Yes(g)	Yes(g)	Yes(g)	Yes(g)	1%

- (a) Each salary scale has a different increment adjustment; 2.75% is the weighted average for the school system.
- (b) The 2.0% adjustment is a longevity adjustment; an employee must be topped out for two years to receive this adjustment.
- (c) In addition to the current longevity step introduced in FY 2009, a second longevity step is added for FY 2012 for employees who have been on the original longevity step for two years. It represents an average of a 2.0% increase.
- (d) The FY 2012 budget includes an adjustment to the teacher and selected support salary scales as a result of additional time added to the contract year for school-based employees.
- (e) The FY 2013 budget rolls back the additional time added to the contract year for teachers and replaces it with an additional three contract days. Adjustments were also made to selected support salary scales.
- (f) The FY 2013 budget includes a 7.2% market rate adjustment for all eligible employees to offset increased employee contributions to the Virginia Retirement System (VRS).
- (g) Employees at the top of the salary scale received a bonus in FY 2016 and it is projected for FY 2017 as well.

ARLINGTON COUNTY PUBLIC SCHOOLS
(Compensation not subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Teachers											
Increment	Yes	No	Yes-	No	Yes	No	Yes	Yes	Yes	Yes	Yes
General adjustment (COLA)	-	-	-	2.68	-	2.0%	-	-	-	-	(c)
Lump-sum payment	-	-	(a)	%	(a)	-	(b)	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	1.75%	-	-	-
Administrative and Supervisory Personnel											
Increment	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes
General adjustment (COLA)	-	-	-	2.68	-	2.0%	-	-	-	-	(c)
Lump-sum payment	-	-	(a)	%	(a)	-	(b)	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	1.75%	-	-	-
Supporting Services Employees											
Increment	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes
General adjustment (COLA)	-	-	-	2.68	-	2.0%	-	-	-	-	(c)
Lump-sum payment	-	-	(a)	%	(a)	-	(b)	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	1.75%	-	-	-

(a) Proposed 0.6% increase in 403(a) match totaling 2.3%.

(b) A \$1,000 one-time payment is recommended for employees ineligible to receive the increment because they are at top of range or on longevity steps. (a) A \$1,000 one-time payment is recommended for employees ineligible to receive the increment because they are at top of range or on longevity steps.

(c) Recommend salary scale adjustments for positions identified in compensation study as being under market.

BALTIMORE COUNTY PUBLIC SCHOOLS
(Compensation subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Teachers											
Increment	1.57%	2.03%	2.03%	2.05%	1.82%	0.78-	0.78-	0.78-	0.78-	0.78-	0.78-
General adjustment	0.0%	-	0.0%	0.0%	0.0%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
(COLA)	-	-	-	-	-	0.0%	5.0 %	2.0 %	2.0 %	3 % (f)	2 % (g)
Lump-sum payment	1.76%	1.76%	-	-	-	3.0 %	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
(Mid-year)											
Other											
School Based											
Administrators	1.91%	2.0%	1.92%	1.88%	1.87%	1.87 %	2.0 %	2.0 %	2.0 %	2.0 %	0.78-
Increment	0.0%	-	0.0%	0.0%	0.0%	0.0 %	5.0 %	2.0 %	2.0 %	3 % (f)	3.50%
General adjustment	-	-	-	-	-	3.0 %	-	-	-	-	2 % (g)
(COLA)	1.23%	1.23%	-	-	-	-	-	-	-	-	-
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment											
(Mid-year)											
Other											
Non-School Based											
Administrators	1.91%	2.0%	1.92%	1.88%	1.97%	1.97%	2.0 %				
Increment	0.0%	-	0.0%	0.0%	0.0%	0.0 %	3.0 %	2.0 %	2.0 %	2.0 %	0.78-
General adjustment	-	-	-	-	-	3.0 %	-	2.0 %	2.0 %	3 % (f)	3.50%
(COLA)	1.23%	1.23%	-	-	-	-	-	-	-	-	2 % (g)
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment											
(Mid-year)											
Other											
Support Staff											
Increment	2.25-2.42%	4.27-	2.48-	2.39-	2.25-	2.25-	4.4-	2.61-	2.61-	2.61-	
General adjustment	(b)	4.52%	2.91%	2.50%	4.57%	4.57%	5.10%	5.13%	5.13%	5.13%	0.78-
(COLA)	0.0%	-	0.0%	0.0%	0.0%	0.0 %	3.0 %	2.0 %	2.0 %	3 % (f)	3.50%
Lump-sum payment	-	-	-	-	-	3.0 %	-	-	-	-	2 % (g)
Top of range adjustment	0.95-	0.95-	(c)	(d)	(e)	-	-	(a)	(a)	(a)	-
(Mid-year)	1.06%(a)	1.06%									-
		(b)									-

- (a) Transportation and maintenance (2.25%); paras and clericals (2.42%)
 (b) Transportation and maintenance (4.27%); paras and clericals (4.52%)
 (c) Transportation and maintenance (2.91%); paras and clericals (2.48%)
 (d) Transportation and maintenance (2.39%); paras and clericals (2.50%)
 (e) Transportation and maintenance (2.25%); paras and clericals (4.57%)
 (f) FY19 COLA became effective January 1, 2019
 (g) Effective July 1, 2019

FAIRFAX COUNTY PUBLIC SCHOOLS
(Compensation not subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Teachers											
Increment	No	No	Yes	(a) No	(b) No	(c) Yes	(d) Yes	(e) Yes	(f) Yes	(g) Yes	(h) Yes
General adjustment (COLA)	0.0%	0.0%	1.0%	3.25%	4.0%	0.0%	0.62%	1.0%	0.0%	1.0%	0.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
School Based Administrators											
Increment	No	No	Yes	(a) No	(b) No	(c) Yes	(d) Yes	(e) Yes	(f) Yes	(g) Yes	(h) Yes
General adjustment (COLA)	0.0%	0.0%	1.0%	3.25%	4.0%	0.0%	0.62%	1.0%	0.0%	1.0%	1.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Non-School Based Administrators											
Increment	No	No	Yes	(a) No	(b) No	(c) Yes	(d) Yes	(e) Yes	(f) Yes	(g) Yes	(h) Yes
General adjustment (COLA)	0.0%	0.0%	1.0%	3.25%	4.0%	0.0%	0.62%	1.0%	0.0%	1.0%	1.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Support Staff											
Increment	No	No	Yes	(a) No	(b) No	(c) Yes	(d) Yes	(e) Yes	(f) Yes	(g) Yes	(h) Yes
General adjustment (COLA)	0.0%	0.0%	1.0%	3.25%	4.0%	0.0%	0.62%	1.0%	0.0%	1.0%	1.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-

- (a) 2.0% offset for VRS (of total 5%) employee contributions plus 1.25% market scale adjustment with no step increments.
- (b) FY14: 7/1/2013 remaining 3% offset for VRS (of total 5%) plus 2.0% market scale adjustment effective 1/1/2014; no step increments.
- (c) FY15: No market scale adjustments; however, there was a step increment for all eligible employees.
- (d) FY16: There was a step increment and 0.62% market scale adjustment.
- (e) FY17: A 1.0% market scale adjustment and a step increment for all eligible employees; an additional \$40 million for teacher scale restructuring.
- (f) FY18: No market scale adjustments; however, there was a step increment for all eligible employees. Also, there was an additional \$26.6 million for teacher scale restructuring.
- (g) FY19: There was a step increment for all eligible employees. Also, there was an additional \$53.1 million to enhance teacher salaries and \$17.9 million for restructuring of nonteacher scales which included a 1.0% market scale adjustment.
- (h) FY20: The advertised budget includes a step increment for all eligible employees and a 1.0% market scale adjustment for nonteacher salary scales. In addition, \$46.8 million to enhance teacher salaries.

FREDERICK COUNTY PUBLIC SCHOOLS
(Compensation subject to collective bargaining only for teachers and supporting services employees' units)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
Teachers (FCTA)											
Increment	No	No	No	(d)	Yes	No	Yes (f)	(g)	(g)	(g)	TBD
General adjustment (COLA)	-	-	1.5%	-	-	1.1%	-	-	-	-	-
Lump-sum payment	-	(a)	-	-	-	\$105	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	(c)	-	-	-	-	-	-	-	-
Superintendents and Executive Directors (EXEMPT)											
Increment	No	No	No	No	Yes	No	Yes (f)	Yes	Yes	Yes	TBD
General adjustment (COLA)	-	-	1.5%	(e)	-	1.1%	-	2.06%	2.5%	1%	-
Lump-sum payment	-	(a)	-	-	-	\$105	-	-	-	-	-
Other - Annual Leave Payout (ALP)	-	-	5 days (c)	5 days	5 days	5 days	6 days	7 days	8 days	8 days	-
Administrative and Supervisory Personnel (FCASA)											
Increment	No	No	No	(e)	Yes	No	Yes (f)	Yes	(h)	Yes	TBD
General adjustment (COLA)	-	-	-	-	-	1.1%	-	2.06%	(i)	-	-
Lump-sum payment	-	(a)	-	-	-	\$105	-	-	-	-	-
Other - Annual Leave Payout (ALP)	-	-	5 days (b)	5 days	5 days	5 days	6 days	7 days	8 days	8 days	-
Supporting Services Employees (FASSE)											
Increment	No	No	No	(d)	Yes	No	Yes (f)	Yes	(j)	(j)	TBD
General adjustment (COLA)	-	-	-	-	-	1.1%	-	2.06%	-	-	-
Lump-sum payment	-	(a)	-	-	-	\$105	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	Yes	-	-
Other - Annual Leave Payout (ALP)	-	-	3 days (b)	3 days	3 days	3 days	3 days	3 days	5 days	-	-

- (a) FY 2011 permanently eliminates (a) & (b) above, continues the suspension of the Annual Leave Buyback (ALP) option and reduces the Pre-Service Teacher Training.
- (b) FY 2012 reinstates the Annual Leave Buyback (ALP) option at three days for Support positions and five days for Administrative & Supervisory positions.
- (c) FY 2012 provides a one-time 1.5% salary increase paid out over the entire year.
- (d) FY 2013 reverse the 1.5% COLA of 2012, a one-day furlough for Teachers and Support staff and provides a mid-year STEP increment. The increment takes effect in October and the furlough will occur in June.
- (e) FY 2013 provides a STEP increment in December for Superintendents, Directors, and AMT (Administrative, Management, Technical) staff. The increment takes effect December 1, 2012 and no furlough will be required.
- (f) FY 2016 provides a STEP increment in December.

- (g) FY 2017-FY 2020 – Phased in conversion to new pay scales moving from three degree lanes to five degree lanes. FY 2017 increase N/A. FY 2018 increase was 5.75%. FY 2019 increase was 5.04%.
- (h) FY 2018 – Conversion to new pay scales moving from two and three degree lanes to three and five degree lanes. This affects the Instructional Administration positions only.
- (i) FY2018 provides a 2.5% COLA and a STEP increment for the Administrative, Supervisory, Technical positions.
- (j) FY 2018 – Conversion to new pay scales for Support Personnel. FY 2019 – Second year transition to new pay scale for support personnel.

STATE OF MARYLAND
(Compensation subject to collective bargaining)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	REC FY20
All Employees	(a)	(b)	(c)	(e)							
Increment	No	No	No	No	Yes(g)	Yes	No	Yes	No	No	No(l)
General adjustment (COLA)	No	No	No	2.0(f)	3.0%(h)	2.0%(i)	No	No	No	2.5%(j)	Yes(m)
Lump-sum payment	-	-	Yes(d)	-	-	-	-	-	-	(k)	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-

- (a) A furlough was put into effect by Executive Order in August 2009 reducing average employee salaries by 2.6%. Chapter 487 of 2009 prohibited all State employees from receiving any performance bonuses, merit increments, or cost-of-living adjustments.
- (b) A furlough was put into effect by Executive Order in May 2010 reducing average employee salaries by 2.6%. Chapter 484 of 2010 again prohibited State employees from receiving performance bonuses, merit increments, or cost-of-living adjustments.
- (c) Chapter 397 of 2011 language prohibits State employees from receiving merit increments through April 1, 2014. However, an exemption is provided for staff deemed "operationally critical," and reporting on exempted staff is required.
- (d) A one-time \$750 employee bonus payment was made to all employees not in bargaining units that received alternative salary adjustments. The bonus funds, which was only made to employees in State service prior to July 1, 2011, was spread across the 26 pay periods of fiscal 2012.
- (e) The provision from Chapter 397 of 2011 prohibiting State employees from receiving merit increments through April 1, 2014 stayed in force and the exemption for staff deemed "operationally critical" expired.
- (f) Effective January 1, 2013.
- (g) Increments are funded effective April 1, 2014. Exemptions are provided for retention of faculty, operationally critical staff, and to fund transit collective bargaining agreements.
- (h) Effective January 1, 2014.
- (i) Effective January 1, 2015.
- (j) State employees received a 2% general salary increase effective January 1, 2019, and an additional 0.5% general salary increase effective April 1, 2019. The additional 0.5% was contingent on fiscal 2018 general fund revenues exceeding estimates by \$75 million.
- (k) State employees received a \$500 bonus effective April 1, 2019. This bonus was contingent on fiscal 2018 general fund revenues exceeding estimates by \$75 million.
- (l) Members of the State Law Enforcement Officers Labor Alliance and Maryland Transportation Authority Police receive employee increments in fiscal 2020. No other employees receive increments.
- (m) Most employees receive a 3% general salary increase effective July 1, 2019. Members of the State Law Enforcement Officers Labor Alliance and Maryland Transportation Authority Police receive a 5% general salary increase. All State employees will receive an additional 1% general salary increase on January 1, 2010 if fiscal 2019 general fund revenues exceed estimates by \$75 million. The Budget Reconciliation and Financing Act of 2019 includes a provision that authorizes, for fiscal 2020 only, the use of estimated nonwithholding income tax revenues, if realized, in the Fiscal Responsibility Fund to provide up to a 2% general salary increase for employees of the American Federation of State, County, and Municipal Employees; AFT-Healthcare; and Maryland Professional Employees Council only.

FEDERAL GOVERNMENT (a)
(Compensation not subject to collective bargaining)

	FY09	FY10	FY11(f)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	REC FY19
All Employees											
Increment	1.5%(c)(d)	1.5%(c)(d)	1.5%(c)(d)	1.5%(c)(d)	1.5%(c)(d)	1.5%(c)(d)	1.5%(c)(d)	1.5%(c)(d)	1.5%(c)(d)	1.5%	1.5%(c)(d)
General adjustment (e)	2.9%	1.5%	0%(f)	0.0%(f)	0.0%	1.0%	1.0%	1.0%	1.6%(g)	1.4%	1.4%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	Same	Same	Same	Same	Same	Same	Same	Same	Same	Same	Same
Total pay increase (locality pay + general adjustment) (b)	4.78%	2.42%	0.0%	0.0%	0.0%	1.0%	1.0%	1.46%	2.88(g)	2.29%	2.27%

- (a) For federal employees in the Washington Baltimore locality pay area. *Data reflects the federal Pay & Leave calendar, which is determined by the calendar year, not fiscal year.*
- (b) Locality pay instituted in FY94.
- (c) 1.5% is a rough estimate of the average annual value of General Schedule within grade and quality step increases as a percentage of payroll. The actual average can vary year to year.
- (d) Increments awarded annually for advancement to steps 2-4, awarded every 2 years for steps 5-7, and awarded every three years for steps 8-10. Eighteen years to advance from minimum step 1 to maximum step 10.
- (e) The federal government uses a cost of labor standard to determine the general adjustment rather than a cost of living standard. This adjustment is not referred to as the COLA.
- (f) Congress enacted and the President signed a freeze on federal pay increases affecting increases scheduled for January 2011 and January 2012. On March 26, 2013, President Obama signed legislation to continue the freeze on statutory pay adjustments for most Federal civilian employees until December 31, 2013. Step increases under (c) and (d) are not affected by the pay freeze.
- (g) The President proposed a pay freeze for civilian Federal employees in FY 2019.

**MONTGOMERY COUNTY GOVERNMENT
GENERAL SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>GRADE</u>	<u>MINIMUM</u>	<u>MIDPOINT</u>	<u>MAXIMUM</u>	<u>PERFORMANCE LONGEVITY MAXIMUM</u>
N5	\$31,920	\$37,781	\$43,641	\$44,514
N6	\$31,920	\$38,690	\$45,459	\$46,369
N7	\$31,920	\$39,662	\$47,402	\$48,351
N8	\$31,920	\$40,740	\$49,560	\$50,551
N9	\$32,912	\$42,371	\$51,828	\$52,865
N10	\$34,232	\$44,254	\$54,274	\$55,360
N11	\$35,616	\$46,222	\$56,827	\$57,964
N12	\$37,060	\$48,287	\$59,514	\$60,704
N13	\$38,587	\$50,461	\$62,335	\$63,582
N14	\$40,190	\$52,747	\$65,303	\$66,610
N15	\$41,868	\$55,138	\$68,407	\$69,775
N16	\$43,658	\$57,668	\$71,676	\$73,110
N17	\$45,638	\$60,372	\$75,106	\$76,608
N18	\$47,731	\$63,221	\$78,709	\$80,284
N19	\$49,980	\$66,235	\$82,488	\$84,138
N20	\$52,331	\$69,395	\$86,457	\$88,186
N21	\$54,813	\$72,720	\$90,626	\$92,438
N22	\$57,406	\$76,204	\$95,003	\$96,903
N23	\$60,137	\$79,873	\$99,608	\$101,600
N24	\$63,000	\$83,712	\$104,425	\$106,513
N25	\$66,002	\$87,748	\$109,493	\$111,683
N26	\$69,167	\$91,993	\$114,817	\$117,114
N27	\$72,459	\$96,434	\$120,408	\$122,816
N28	\$75,712	\$100,993	\$126,275	\$128,800
N29	\$79,127	\$105,781	\$132,435	\$135,083
N30	\$82,718	\$110,813	\$138,908	\$141,686
N31	\$86,487	\$116,093	\$145,700	\$148,614
N32	\$90,438	\$120,299	\$150,159	\$153,162
N33	\$94,592	\$124,606	\$154,821	\$157,713
N34	\$98,956	\$129,021	\$159,085	\$162,267
N35	\$103,539	\$133,544	\$163,547	\$166,818
N36	\$108,353	\$138,182	\$168,011	\$171,372
N37	\$113,400	\$142,935	\$172,469	\$175,918
N38	\$118,701	\$147,569	\$176,436	\$179,964
N39	\$124,270	\$151,652	\$179,033	\$182,614
N40	\$130,116	\$155,873	\$181,629	\$185,262

FY20 Notes:

A one-time 2.0 percent performance-based longevity increment is provided to employees who received performance ratings of "exceptional" and/or "highly successful" for the two most recent years, are at the maximum of their grade, and have completed 20 years of service.

The FY20 GWA is 2.0% on July 7, 2019, for employees paid on the general salary schedule.

**MONTGOMERY COUNTY GOVERNMENT
OFFICE, PROFESSIONAL & TECHNICAL AND
SERVICE, LABOR, AND TRADES (MC GEO OPT/SLT) BARGAINING UNIT
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 1, 2019

<u>GRADE</u>	<u>MINIMUM</u>	<u>MIDPOINT</u>	<u>MAXIMUM</u>	<u>18 YEAR LONGEVITY</u>	<u>24 YEAR LONGEVITY</u>
5	\$31,304	\$35,241	\$42,785	\$44,069	\$45,391
6	\$31,304	\$36,664	\$44,568	\$45,905	\$47,282
7	\$31,304	\$38,176	\$46,473	\$47,867	\$49,303
8	\$31,304	\$39,815	\$48,588	\$50,046	\$51,547
9	\$32,267	\$41,540	\$50,812	\$52,336	\$53,906
10	\$33,561	\$43,386	\$53,210	\$54,806	\$56,450
11	\$34,918	\$45,316	\$55,713	\$57,384	\$59,106
12	\$36,333	\$47,340	\$58,347	\$60,097	\$61,900
13	\$37,830	\$49,472	\$61,113	\$62,946	\$64,834
14	\$39,402	\$51,713	\$64,023	\$65,944	\$67,922
15	\$41,047	\$54,057	\$67,066	\$69,078	\$71,150
16	\$42,802	\$56,537	\$70,271	\$72,379	\$74,550
17	\$44,743	\$59,189	\$73,633	\$75,842	\$78,117
18	\$46,795	\$61,980	\$77,166	\$79,481	\$81,865
19	\$49,000	\$64,935	\$80,871	\$83,297	\$85,796
20	\$51,305	\$68,034	\$84,762	\$87,305	\$89,924
21	\$53,738	\$71,294	\$88,849	\$91,514	\$94,259
22	\$56,280	\$74,710	\$93,140	\$95,934	\$98,812
23	\$58,958	\$78,306	\$97,655	\$100,585	\$103,603
24	\$61,765	\$82,071	\$102,377	\$105,448	\$108,611
25	\$64,708	\$86,027	\$107,346	\$110,566	\$113,883
26	\$67,811	\$90,188	\$112,566	\$115,943	\$119,421
27	\$71,038	\$94,543	\$118,047	\$121,588	\$125,236
28	\$74,227	\$99,013	\$123,799	\$127,513	\$131,338

FY20 Notes:

The FY20 GWA is 2.4% on November 24, 2019, for MC GEO OPT/SLT bargaining unit employees.

Grades 5 - 8 will increase effective Jul 1, 2019 to \$31,304 to bring the minimum salary up to the new Living Wage Rate. (\$15.05)

**MONTGOMERY COUNTY GOVERNMENT
OFFICE, PROFESSIONAL & TECHNICAL AND
SERVICE, LABOR, AND TRADES (MCGEO OPT/SLT) BARGAINING UNIT
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE NOVEMBER 24, 2019

<u>GRADE</u>	<u>MINIMUM</u>	<u>MIDPOINT</u>	<u>MAXIMUM</u>	<u>18 YEAR LONGEVITY</u>	<u>24 YEAR LONGEVITY</u>
5	\$32,055	\$36,087	\$43,812	\$45,127	\$46,480
6	\$32,055	\$37,544	\$45,638	\$47,007	\$48,417
7	\$32,055	\$39,092	\$47,588	\$49,016	\$50,486
8	\$32,055	\$40,771	\$49,754	\$51,247	\$52,784
9	\$33,041	\$42,537	\$52,031	\$53,592	\$55,200
10	\$34,366	\$44,427	\$54,487	\$56,121	\$57,805
11	\$35,756	\$46,404	\$57,050	\$58,761	\$60,525
12	\$37,205	\$48,476	\$59,747	\$61,539	\$63,386
13	\$38,738	\$50,659	\$62,580	\$64,457	\$66,390
14	\$40,348	\$52,954	\$65,560	\$67,527	\$69,552
15	\$42,032	\$55,354	\$68,676	\$70,736	\$72,858
16	\$43,829	\$57,894	\$71,958	\$74,116	\$76,339
17	\$45,817	\$60,610	\$75,400	\$77,662	\$79,992
18	\$47,918	\$63,468	\$79,018	\$81,389	\$83,830
19	\$50,176	\$66,493	\$82,812	\$85,296	\$87,855
20	\$52,536	\$69,667	\$86,796	\$89,400	\$92,082
21	\$55,028	\$73,005	\$90,981	\$93,710	\$96,521
22	\$57,631	\$76,503	\$95,375	\$98,236	\$101,183
23	\$60,373	\$80,185	\$99,999	\$102,999	\$106,089
24	\$63,247	\$84,041	\$104,834	\$107,979	\$111,218
25	\$66,261	\$88,092	\$109,922	\$113,220	\$116,616
26	\$69,438	\$92,353	\$115,268	\$118,726	\$122,287
27	\$72,743	\$96,812	\$120,880	\$124,506	\$128,242
28	\$76,008	\$101,389	\$126,770	\$130,573	\$134,490

FY20 Notes:

The FY20 GWA is 2.4% on November 24, 2019, for MCGEO OPT/SLT bargaining unit employees.

**MONTGOMERY COUNTY GOVERNMENT
MINIMUM WAGE / SEASONAL
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JUNE 23, 2019

GRADE	MINIMUM		MAXIMUM	
	<u>ANNUAL</u>	<u>HOURLY</u>	<u>ANNUAL</u>	<u>HOURLY</u>
Grade S1*	\$27,040	\$13.00	\$27,040	\$13.00
Grade S2*	\$27,040	\$13.00	\$27,040	\$13.00
Grade S3*	\$27,040	\$13.00	\$27,040	\$13.00
Grade S4*	\$27,040	\$13.00	\$29,426	\$14.15
Grade S5	\$27,040	\$13.00	\$32,991	\$15.86
Grade S6	\$32,306	\$15.53	\$40,122	\$19.29
Grade S7	\$37,876	\$18.21	\$47,367	\$22.77
Grade S8	\$43,627	\$20.97	\$54,842	\$26.37

FY20 Notes:

* The Montgomery County minimum wage, beginning June 23, 2019, will be \$13.00 per hour. Salaries other than those affected by the increase in the minimum wage will increase by \$0.25 per hour on July 7, 2019.

The following job classes are assigned to the Minimum Wage/Seasonal Salary

County Government Aide (MW) (S1)
 Recreation Assistant 1 (S1)
 Community Correctional Intern (S1)
 County Government Assistant (S1)
 Library Page (S2)
 Recreation Assistant II (S2)
 Public Service Guide (S3)
 Nutrition Program Aide (S3)
 Recreation Assistant III (S3)
 Recreation Assistant IV (S4)
 Recreation Assistant V (S5)
 Recreation Assistant VI (S6)
 Recreation Assistant VII (S7)
 Gilchrist Center Office Assistant (S7)
 Recreation Assistant VIII (S8)

**MONTGOMERY COUNTY GOVERNMENT
MINIMUM WAGE / SEASONAL
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

GRADE	MINIMUM		MAXIMUM	
	<u>ANNUAL</u>	<u>HOURLY</u>	<u>ANNUAL</u>	<u>HOURLY</u>
Grade S1*	\$27,040	\$13.00	\$27,040	\$13.00
Grade S2*	\$27,040	\$13.00	\$27,040	\$13.00
Grade S3*	\$27,040	\$13.00	\$27,040	\$13.00
Grade S4*	\$27,040	\$13.00	\$29,946	\$14.40
Grade S5	\$27,040	\$13.00	\$33,511	\$16.11
Grade S6	\$32,826	\$15.78	\$40,642	\$19.54
Grade S7	\$38,396	\$18.46	\$47,887	\$23.02
Grade S8	\$44,147	\$21.22	\$55,362	\$26.62

FY20 Notes:

* The Montgomery County minimum wage, beginning June 23, 2019, will be \$13.00 per hour. Salaries other than those affected by the increase in the minimum wage will increase by \$0.25 per hour on July 7, 2019.

The following job classes are assigned to the Minimum Wage/Seasonal Salary

County Government Aide (MW) (S1)
 Recreation Assistant 1 (S1)
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 Recreation Assistant II (S2)
 Public Service Guide (S3)
 Nutrition Program Aide (S3)
 Recreation Assistant III (S3)
 Recreation Assistant IV (S4)
 Recreation Assistant V (S5)
 Recreation Assistant VI (S6)
 Recreation Assistant VII (S7)
 Gilchrist Center Office Assistant (S7)
 Recreation Assistant VIII (S8)

**MONTGOMERY COUNTY GOVERNMENT
POLICE BARGAINING UNIT
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>STEP</u>	<u>YEAR</u>	<u>PO I</u>	<u>PO II</u>	<u>PO III</u>	<u>MPO</u>	<u>SGT</u>
0	1	\$52,500	\$55,126	\$57,883	\$60,777	\$66,857
1	2	\$54,339	\$57,057	\$59,910	\$62,905	\$69,196
2	3	\$56,241	\$59,053	\$62,008	\$65,109	\$71,818
3	4	\$58,209	\$61,120	\$64,178	\$67,386	\$74,124
4	5	\$60,247	\$63,260	\$66,424	\$69,747	\$76,721
5	6	\$62,358	\$65,476	\$68,751	\$72,188	\$79,406
6	7	\$64,541	\$67,768	\$71,157	\$74,715	\$82,187
7	8	\$66,800	\$70,139	\$73,647	\$77,331	\$85,063
8	9	\$69,139	\$72,595	\$76,227	\$80,037	\$88,040
9	10	\$71,558	\$75,136	\$78,894	\$82,839	\$91,123
10	11	\$74,063	\$77,767	\$81,657	\$85,740	\$94,312
11	12	\$76,658	\$80,489	\$84,515	\$88,741	\$97,613
12	13	\$79,340	\$83,305	\$87,473	\$91,847	\$101,030
13	14	\$82,118	\$86,224	\$90,536	\$95,063	\$104,568
14	15	\$84,992	\$89,243	\$93,706	\$98,389	\$108,226
L1*	17+	\$87,967	\$92,367	\$96,986	\$101,833	\$112,014
L2**	21+	\$91,046	\$95,599	\$100,380	\$105,397	\$115,934

* 3.5 percent, upon completion of 16 years of service

** 3.5 percent, upon completion of 20 years of service

Starting salary for Police Officer Candidate is \$52,500.

FY20 Notes:

No GWA - FY20 salary schedule equals FY19 for FOP Bargaining Unit members.

Additional longevity step of 3.5% added after completion of 16 years of service.

Existing longevity step after completion of 20 years of service increased by 3.5%.

**MONTGOMERY COUNTY GOVERNMENT
POLICE LEADERSHIP SERVICE
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>PAY BAND</u>	<u>PLS RANK</u>	<u>MINIMUM</u>	<u>MIDPOINT</u>	<u>CONTROL POINT</u>	<u>MAXIMUM</u>
A2	POLICE LIEUTENANT	\$79,002	\$111,700	\$137,858	\$144,397
A3	POLICE CAPTAIN	\$91,959	\$129,448	\$159,439	\$166,936

FY20 Notes:

The FY20 GWA is 2.0% on July 7, 2019, for Police Leadership Service employees.
Formerly the "Police Management Salary Schedule."

**MONTGOMERY COUNTY GOVERNMENT
FIRE/RESCUE BARGAINING UNIT
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 1, 2019

	F1	F2	F3	F4	B1	B2
	FIRE FIGHTER	FIRE FIGHTER	FIRE FIGHTER	MASTER FIRE	FIRE/RESCUE	FIRE/RESCUE
GRADE	RESCUER I	RESCUER II	RESCUER III	FIGHTER RESCUER	LIEUTENANT	CAPTAIN
A	\$47,089	\$49,446	\$51,917	\$57,109	\$62,825	\$70,843
B	\$48,738	\$51,175	\$53,735	\$59,108	\$65,024	\$73,324
C	\$50,444	\$52,967	\$55,616	\$61,178	\$67,301	\$75,890
D	\$52,211	\$54,822	\$57,564	\$63,320	\$69,657	\$78,548
E	\$54,038	\$56,742	\$59,578	\$65,536	\$72,095	\$81,297
F	\$55,930	\$58,728	\$61,664	\$67,831	\$74,618	\$84,143
G	\$57,888	\$60,782	\$63,822	\$70,205	\$77,231	\$87,088
H	\$59,915	\$62,911	\$66,058	\$72,662	\$79,935	\$90,136
I	\$62,012	\$65,114	\$68,371	\$75,206	\$82,732	\$93,291
J	\$64,184	\$67,393	\$70,763	\$77,837	\$85,629	\$96,557
K	\$66,430	\$69,753	\$73,240	\$80,563	\$88,627	\$99,938
L	\$68,755	\$72,194	\$75,804	\$83,383	\$91,730	\$103,435
M	\$71,162	\$74,720	\$78,458	\$86,300	\$94,942	\$107,057
N	\$73,653	\$77,336	\$81,205	\$89,322	\$98,265	\$110,804
O	\$76,231	\$80,045	\$84,048	\$92,449	\$101,704	\$114,683
LS1*	\$78,899	\$82,847	\$86,990	\$95,685	\$105,264	\$118,697
LS2**	\$81,660	\$85,747	\$90,035	\$99,034	\$108,948	\$122,851

* 3.5 percent, upon completion of 20 years of service

** 3.5 percent, upon completion of 24 years of service

FY20 Notes:

The FY20 GWA is 2.4% on November 10, 2019, for IAFF Bargaining Unit members.

**MONTGOMERY COUNTY GOVERNMENT
FIRE/RESCUE BARGAINING UNIT
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE NOVEMBER 10, 2019

GRADE	F1 FIRE FIGHTER RESCUER I	F2 FIRE FIGHTER RESCUER II	F3 FIRE FIGHTER RESCUER III	F4 MASTER FIRE FIGHTER RESCUER	B1 FIRE/RESCUE LIEUTENANT	B2 FIRE/RESCUE CAPTAIN
A	\$48,219	\$50,633	\$53,163	\$58,480	\$64,333	\$72,543
B	\$49,908	\$52,403	\$55,025	\$60,527	\$66,585	\$75,084
C	\$51,655	\$54,238	\$56,951	\$62,646	\$68,916	\$77,711
D	\$53,464	\$56,138	\$58,946	\$64,840	\$71,329	\$80,433
E	\$55,335	\$58,104	\$61,008	\$67,109	\$73,825	\$83,248
F	\$57,272	\$60,137	\$63,144	\$69,459	\$76,409	\$86,162
G	\$59,277	\$62,241	\$65,354	\$71,890	\$79,085	\$89,178
H	\$61,353	\$64,421	\$67,643	\$74,406	\$81,853	\$92,299
I	\$63,500	\$66,677	\$70,012	\$77,011	\$84,718	\$95,530
J	\$65,724	\$69,010	\$72,461	\$79,705	\$87,684	\$98,874
K	\$68,024	\$71,427	\$74,998	\$82,497	\$90,754	\$102,337
L	\$70,405	\$73,927	\$77,623	\$85,384	\$93,932	\$105,917
M	\$72,870	\$76,513	\$80,341	\$88,371	\$97,221	\$109,626
N	\$75,421	\$79,192	\$83,154	\$91,466	\$100,623	\$113,463
O	\$78,061	\$81,966	\$86,065	\$94,668	\$104,145	\$117,435
LS1*	\$80,793	\$84,835	\$89,078	\$97,981	\$107,790	\$121,546
LS2**	\$83,620	\$87,805	\$92,196	\$101,411	\$111,563	\$125,799

* 3.5 percent, upon completion of 20 years of service

** 3.5 percent, upon completion of 24 years of service

FY20 Notes:

The FY20 GWA is 2.4% on November 10, 2019, for IAFF Bargaining Unit members.

**MONTGOMERY COUNTY GOVERNMENT
FIRE/RESCUE MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 1, 2019

<u>GRADE</u>	<u>RANK</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>LONGEVITY</u> (LS1)*	<u>LONGEVITY</u> (LS2)**
B3	FIRE/RESCUE BATTALION CHIEF	\$79,451	\$132,034	\$136,655	\$141,438
B4	FIRE/RESCUE ASSISTANT CHIEF	\$86,765	\$145,227	\$150,310	\$155,571
B6	FIRE/RESCUE DIVISION CHIEF	\$99,182	\$164,665	\$170,428	\$176,393

* 3.5 percent, upon completion of 20 years of service

** 3.5 percent, upon completion of 24 years of service

FY20 Notes:

The FY20 GWA is 2.4% on November 10, 2019, for Fire/Rescue Management.

**MONTGOMERY COUNTY GOVERNMENT
FIRE/RESCUE MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE NOVEMBER 10, 2019

<u>GRADE</u>	<u>RANK</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>LONGEVITY</u> (LS1)*	<u>LONGEVITY</u> (LS2)**
B3	FIRE/RESCUE BATTALION CHIEF	\$81,358	\$135,203	\$139,935	\$144,833
B4	FIRE/RESCUE ASSISTANT CHIEF	\$88,847	\$148,712	\$153,917	\$159,304
B6	FIRE/RESCUE DIVISION CHIEF	\$101,562	\$168,617	\$174,519	\$180,627

* 3.5 percent, upon completion of 20 years of service

** 3.5 percent, upon completion of 24 years of service

FY20 Notes:

The FY20 GWA is 2.4% on November 10, 2019, for Fire/Rescue Management.

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>YEAR</u>	<u>STEP</u>	<u>DS I</u>	<u>DS II</u>	<u>DS III</u>	<u>SGT</u>
1	0	\$49,868	\$53,359	\$57,095	\$62,803
2	1	\$51,615	\$55,228	\$59,093	\$65,003
3	2	\$53,420	\$57,161	\$61,161	\$67,278
4	3	\$55,291	\$59,160	\$63,303	\$69,633
5	4	\$57,227	\$61,233	\$65,520	\$72,070
6	5	\$59,229	\$63,377	\$67,812	\$74,595
7	6	\$61,302	\$65,595	\$70,187	\$77,204
8	7	\$63,449	\$67,893	\$72,642	\$79,907
9	8	\$65,670	\$70,269	\$75,187	\$82,705
10	9	\$67,970	\$72,729	\$77,818	\$85,599
11	10		\$75,276	\$80,541	\$88,596
12	11		\$77,911	\$83,365	\$91,697
13	12			\$86,283	\$94,907
14	13			\$89,300	\$98,229
15-20	14			\$92,425	\$101,667
21+	L1*	\$70,349	\$80,638	\$95,660	\$105,225
25+	L2**	\$72,108	\$82,654	\$98,052	\$107,856

*A 3.5% longevity increment is paid to employees on the Deputy Sheriff Uniform Salary Schedule who are at the maximum for their pay grade, upon completion of 20 years of County service.

**A 2.5% longevity increment is paid to employees on the Deputy Sheriff Uniform Salary Schedule who are at the maximum for their pay grade, upon completion of 24 years of County service.

The starting salary for Deputy Sheriff Candidate is \$49,868.

FY20 Notes:

The FY20 GWA is 2.4% on November 24, 2019, for Deputy Sheriffs.

Deputy Sheriff salaries may not correspond to years of service as listed on the salary schedule due to unfunded FY11, FY12, and FY13 service increments.

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE NOVEMBER 24, 2019

<u>YEAR</u>	<u>STEP</u>	<u>DS I</u>	<u>DS II</u>	<u>DS III</u>	<u>SGT</u>
1	0	\$51,065	\$54,640	\$58,465	\$64,310
2	1	\$52,854	\$56,553	\$60,511	\$66,563
3	2	\$54,702	\$58,533	\$62,629	\$68,893
4	3	\$56,618	\$60,580	\$64,822	\$71,304
5	4	\$58,600	\$62,703	\$67,092	\$73,800
6	5	\$60,650	\$64,898	\$69,439	\$76,385
7	6	\$62,773	\$67,169	\$71,871	\$79,057
8	7	\$64,972	\$69,522	\$74,385	\$81,825
9	8	\$67,246	\$71,955	\$76,991	\$84,690
10	9	\$69,601	\$74,474	\$79,686	\$87,653
11	10		\$77,083	\$82,474	\$90,722
12	11		\$79,781	\$85,366	\$93,898
13	12			\$88,354	\$97,185
14	13			\$91,443	\$100,586
15-20	14			\$94,643	\$104,107
21+	L1*	\$72,037	\$82,573	\$97,956	\$107,750
25+	L2**	\$73,838	\$84,638	\$100,405	\$110,444

*A 3.5% longevity increment is paid to employees on the Deputy Sheriff Uniform Salary Schedule who are at the maximum for their pay grade, upon completion of 20 years of County service.

**A 2.5% longevity increment is paid to employees on the Deputy Sheriff Uniform Salary Schedule who are at the maximum for their pay grade, upon completion of 24 years of County service.

The starting salary for Deputy Sheriff Candidate is \$51,065.

FY20 Notes:

The FY20 GWA is 2.4% on November 24, 2019, for Deputy Sheriffs.

Deputy Sheriff salaries may not correspond to years of service as listed on the salary schedule due to unfunded FY11, FY12, and FY13 service increments.

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>GRADE</u>	<u>RANK</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>LONGEVITY*</u>
D2	DEPUTY SHERIFF LIEUTENANT	\$70,467	\$114,080	\$118,073
D3	DEPUTY SHERIFF CAPTAIN	\$84,561	\$137,778	\$142,600
D4	DEPUTY SHERIFF COLONEL	\$97,246	\$158,943	\$164,506

* Upon completion of 20 years of service.

Longevity is 3.5% for Deputy Sheriff Management.

FY20 Notes:

The FY20 GWA is 2.0% on July 7, 2019, for Deputy Sheriff Management.

**MONTGOMERY COUNTY GOVERNMENT
CORRECTIONAL OFFICER
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>STEP</u>	<u>YEAR</u>	<u>CO I</u>	<u>CO II</u>	<u>CO III</u>	<u>SGT</u>
1	0	\$46,320	\$48,638	\$53,501	\$59,119
2	1	\$47,943	\$50,341	\$55,374	\$61,190
3	2	\$49,621	\$52,104	\$57,314	\$63,332
4	3	\$51,358	\$53,928	\$59,320	\$65,548
5	4	\$53,157	\$55,815	\$61,398	\$67,843
6	5	\$55,020	\$57,771	\$63,547	\$70,219
7	6	\$56,946	\$59,793	\$65,772	\$72,677
8	7	\$58,939	\$61,886	\$68,075	\$75,222
9	8	\$61,001	\$64,053	\$70,457	\$77,854
10	9	\$63,137	\$66,295	\$72,925	\$80,579
11	10	\$65,346	\$68,615	\$75,477	\$83,400
12	11	\$67,634	\$71,020	\$78,121	\$86,321
13	12		\$73,507	\$80,854	\$89,341
14	13		\$76,080	\$83,684	\$92,469
15	14-20				\$95,707
L1*	21+	\$70,001	\$78,743	\$86,613	\$99,057
L2**	25+	\$71,751	\$80,712	\$88,778	\$101,533

*A 3.5% longevity increment is paid to employees on the Correctional Officer Uniform Salary Schedule who are at the maximum for their pay grade, upon completion of 20 years of County service.

**A 2.5% longevity increment is paid to employees on the Correctional Officer Uniform Salary Schedule who are at the maximum for their pay grade, upon completion of 24 years of County service.

Starting salary for Correctional Officer 1 (Private) is \$46,320

FY20 Notes:

The FY20 GWA is 2.4% on November 24, 2019, for Correctional Officers.

Additional longevity step of 2.5% added after completion of 24 years of service.

Correctional Officer salaries may not correspond to years of service as listed on the salary schedule due to unfunded FY11, FY12, and FY13 service increments.

**MONTGOMERY COUNTY GOVERNMENT
CORRECTIONAL OFFICER
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE NOVEMBER 24, 2019

<u>STEP</u>	<u>YEAR</u>	<u>CO I</u>	<u>CO II</u>	<u>CO III</u>	<u>SGT</u>
1	0	\$47,432	\$49,805	\$54,785	\$60,538
2	1	\$49,094	\$51,549	\$56,703	\$62,659
3	2	\$50,812	\$53,354	\$58,690	\$64,852
4	3	\$52,591	\$55,222	\$60,744	\$67,121
5	4	\$54,433	\$57,155	\$62,872	\$69,471
6	5	\$56,340	\$59,158	\$65,072	\$71,904
7	6	\$58,313	\$61,228	\$67,351	\$74,421
8	7	\$60,354	\$63,371	\$69,709	\$77,027
9	8	\$62,465	\$65,590	\$72,148	\$79,722
10	9	\$64,652	\$67,886	\$74,675	\$82,513
11	10	\$66,914	\$70,262	\$77,288	\$85,402
12	11	\$69,257	\$72,724	\$79,996	\$88,393
13	12		\$75,271	\$82,794	\$91,485
14	13		\$77,906	\$85,692	\$94,688
15	14-20				\$98,004
L1*	21+	\$71,681	\$80,633	\$88,692	\$101,434
L2**	25+	\$73,473	\$82,649	\$90,909	\$103,970

*A 3.5% longevity increment is paid to employees on the Correctional Officer Uniform Salary Schedule who are at the maximum for their pay grade, upon completion of 20 years of County service.

**A 2.5% longevity increment is paid to employees on the Correctional Officer Uniform Salary Schedule who are at the maximum for their pay grade, upon completion of 24 years of County service.

Starting salary for Correctional Officer 1 (Private) is \$47,432

FY20 Notes:

The FY20 GWA is 2.4% on November 24, 2019, for Correctional Officers.

Additional longevity step of 2.5% added after completion of 24 years of service.

Correctional Officer salaries may not correspond to years of service as listed on the salary schedule due to unfunded FY11, FY12, and FY13 service increments.

**MONTGOMERY COUNTY GOVERNMENT
UNIFORMED CORRECTIONAL MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>GRADE</u>	<u>RANK</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>LONGEVITY*</u>
C1	CORRECTIONAL SHIFT COMMANDER (LT)	\$66,333	\$107,385	\$111,143
C2	CORRECTIONAL TEAM LEADER (CAPT)	\$72,968	\$118,124	\$122,259

* Upon completion of 20 years of service.

Longevity is 3.5% for Uniformed Correctional Management.

FY20 Notes:

The FY20 GWA is 2.0% on July 7, 2019, for Uniformed Correctional Management.

**MONTGOMERY COUNTY GOVERNMENT
MEDICAL DOCTORS
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>GRADE</u>	<u>MEDICAL JOB CLASS</u>	<u>MINIMUM</u>	<u>MIDPOINT</u>	<u>MAXIMUM</u>
MD I	MEDICAL DOCTOR I	\$110,365	\$139,108	\$167,851
MD II	MEDICAL DOCTOR II	\$121,398	\$153,017	\$184,635
MD III	MEDICAL DOCTOR III	\$133,538	\$168,317	\$203,095
MD IV	MEDICAL DOCTOR IV	\$146,892	\$185,149	\$223,406

Medical job class designation is based upon the requirements of the position

MD I -	Not eligible for Board Certification
MD II -	Board Eligible
MD III -	Board Certified
MD IV -	Board Certified in a sub-specialty

FY20 Notes:

The FY20 GWA is 2.0% on July 7, 2019, for Medical Doctors.

**MONTGOMERY COUNTY GOVERNMENT
MANAGEMENT LEADERSHIP SERVICE
SALARY SCHEDULE**

FISCAL YEAR 2020

EFFECTIVE JULY 7, 2019

<u>PAY BAND</u>	<u>MLS LEVEL</u>	<u>MINIMUM</u>	<u>MIDPOINT</u>	<u>CONTROL POINT</u>	<u>MAXIMUM</u>
M1	MANAGEMENT LEVEL I	\$105,161	\$145,968	\$178,614	\$186,775
M2	MANAGEMENT LEVEL II	\$91,959	\$129,448	\$159,439	\$166,936
M3	MANAGEMENT LEVEL III	\$79,002	\$111,700	\$137,858	\$144,397

FY20 Notes:

The FY20 GWA is 2.0% on July 7, 2019, for Management Leadership Service employees.



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

March 15, 2019

TO: Nancy Navarro, President, County Council

FROM: Marc Elrich, County Executive *marc elrich*

SUBJECT: FY19 Savings Plan: NDA – Retiree Health Benefits Trust (\$34,562,660);
NDA – Consolidated Retiree Health Benefit Trust – College (\$2,845,000); and
NDA – Consolidated Retiree Health Benefit Trust – MCPS (\$52,205,000)

My FY20 Recommended Operating Budget includes additional FY19 expenditure savings needed to fully restore current year reserves to the level assumed in the FY19 Approved Budget and to meet our commitment to fund reserves at 10 percent of revenues by FY20. Please find attached my recommended FY19 savings plan to achieve those goals. In total, these expenditure reductions will increase the FY19 General Fund reserve by \$89.6 million.

As you are aware, the savings plan approved by the County Council in January only partially closed the current year budget gap of more than \$40 million. After updating our revenue forecast in late February, additional expenditure reductions were necessary to close a significantly wider gap. The current fiscal situation is not the result of a declining economy; it is likely caused by changes in taxpayer behavior driven by speculation about federal tax reform. Within this context, it is appropriate to isolate this corrective action to the current year.

The recommended expenditure savings reduce FY19 Other Post-Employment Benefits (OPEB) prefunding by \$89.6 million. As noted above, given the unexpected shortfall in current year revenues, this approach is intended to be a one-time departure from our policy of prefunding retiree health insurance benefits. My FY20 Recommended Operating Budget restores prefunding consistent with our fiscal policy, as well as contributes an additional \$9 million on behalf of MCPS. It should be noted that retirees will see no change to their benefits as a result of my recommendation, and their benefit claims will continue to be paid as they have been in the past.

It is important that the Council join me in this approach as it is aligned with our reserve funding target. Quite frankly, it is our best option for closing our FY19 gap without limiting services for our residents in FY20 and beyond. My staff is available to assist the Council in its review of the attached proposal.

ME:cbo

Attachment: Recommended FY19 Savings Plan Montgomery County Government

County Executive's Recommended FY19 Savings Plan
Montgomery County Government
March 2019

NDA	AMOUNT	DESCRIPTION
		Reduce spending to restore General Fund
NDA - Retiree Health Benefits Trust	-34,562,660	reserve
		Reduce spending to restore General Fund
NDA - Consolidated Retiree Health Benefit Trust - College	-2,845,000	reserve
		Reduce spending to restore General Fund
NDA - Consolidated Retiree Health Benefit Trust - MCPS	-52,205,000	reserve
TOTAL	-89,612,660	

FY20-25 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Printing and Mail			
FISCAL PROJECTIONS	FY19 ESTIMATE	FY20 REC	FY21 PROJECTION	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.2%	2.3%	2.5%	2.7%	2.7%	2.7%	2.7%
Investment Income Yield	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rate Adjustment			5.5%	3.5%	3.1%	3.1%	3.2%
BEGINNING FUND BALANCE	325,922	443,989	279,951	273,610	285,300	288,341	300,156
REVENUES							
Charges For Services	8,136,904	8,086,904	8,531,684	8,830,293	9,104,032	9,386,257	9,686,617
Miscellaneous	7,804	7,804	7,804	7,804	7,804	7,804	7,804
Subtotal Revenues	8,144,708	8,094,708	8,539,488	8,838,097	9,111,836	9,394,061	9,694,421
INTERFUND TRANSFERS (Net Non-CIP)	(32,700)	0	0	0	0	0	0
Transfers To The General Fund	(32,700)	0	0	0	0	0	0
Other	(32,700)	0	0	0	0	0	0
TOTAL RESOURCES	8,437,930	8,538,697	8,819,439	9,111,707	9,397,136	9,682,402	9,994,577
PSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(7,971,238)	(8,236,042)	(8,494,676)	(8,776,373)	(9,068,592)	(9,371,746)	(9,686,282)
Labor Agreement	n/a	0	(29,000)	(29,000)	(29,000)	(29,000)	(29,000)
Retiree Health Insurance Pre-funding	0	0	550	1,670	11,500	18,500	23,540
Subtotal PSP Oper Budget Approp / Exp's	(7,971,238)	(8,236,042)	(8,523,126)	(8,803,703)	(9,086,092)	(9,382,246)	(9,691,742)
OTHER CLAIMS ON FUND BALANCE	(22,704)	(22,704)	(22,704)	(22,704)	(22,704)	0	0
TOTAL USE OF RESOURCES	(7,993,942)	(8,258,746)	(8,545,830)	(8,826,407)	(9,108,796)	(9,382,246)	(9,691,742)
YEAR END FUND BALANCE	443,989	279,951	273,610	285,300	288,341	300,156	302,835
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	5.3%	3.3%	3.1%	3.1%	3.1%	3.1%	3.0%
Assumptions: 1. Printing, Mail and Records Management/Imaging rates are adjusted to achieve cost recovery. 2. The projected future expenditures, revenues, and fund balance may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors. 3. The fund balance for this internal service fund should be between 3% and 5%. 4. The other claims on fund balance represents the OPEB liability five year allocation (GASB 75).							

EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

FY20-25 FISCAL PROJECTION							
	Estimate - FY19	Projected - FY20	Projected - FY21	Projected - FY22	Projected - FY23	Projected - FY24	Projected - FY25
BEGINNING BALANCE	4,376,750	6,121,813	13,678,723	14,757,368	15,964,897	17,235,267	18,564,803
REVENUES							
Premium Contributions	209,541,975	235,854,908	237,032,221	256,103,691	276,048,219	296,869,197	318,829,376
Premium Contributions: Retiree Insurance NDA	50,642,478	46,113,000	58,631,781	63,839,769	69,365,485	75,194,387	81,389,664
Investment Income	527,600	562,010	562,010	562,010	562,010	562,010	562,010
TOTAL REVENUES	260,712,053	282,529,918	296,226,012	320,505,471	345,975,713	372,625,594	400,781,050
FUND TRANSFER TO THE GENERAL FUND	(10,500,000)	(2,100,000)	-	-	-	-	-
Transfer from the Health Fund to the GF	(10,500,000)	-	-	-	-	-	-
Transfer from the Health Fund to RHBT	-	(2,100,000)	-	-	-	-	-
TOTAL FUNDS AVAILABLE	254,588,804	286,551,731	309,904,734	335,262,839	361,940,610	389,860,861	419,345,853
EXPENDITURES							
Claims, Premiums, & Carrier Administration	243,698,294	267,180,617	289,170,355	313,022,081	338,115,689	364,376,921	392,111,910
Actives	155,179,126	171,594,722	184,938,113	199,392,745	214,521,781	230,244,344	246,761,101
Retirees	88,519,168	95,585,895	104,232,243	113,629,336	123,593,908	134,132,577	145,350,809
In-house expenses	4,768,697	5,692,391	5,977,011	6,275,861	6,589,654	6,919,137	7,265,094
TOTAL EXPENDITURES	248,466,991	272,873,008	295,147,366	319,297,942	344,705,343	371,296,058	399,377,003
ENDING BALANCE	6,121,813	13,678,723	14,757,368	15,964,897	17,235,267	18,564,803	19,968,850
TARGET FUND BALANCE (5% OF EXPENDITURES)	12,423,350	13,643,650	14,757,370	15,964,900	17,235,270	18,564,800	19,968,850
ENDING BALANCE AS % OF EXPENDITURES	2.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

FY20 Recommended Changes	Expenditures	FTEs
Add: Community Services Grant: Liberty's Promise, Inc. (Provide funding for computers and related equipment.)	9,219	0.00
Add: Community Services Grant: Manna Food (Provide for a roll top freezer.)	10,000	0.00
Add: Community Services Grant: Montgomery County Coalition for the Homeless (Provide for electronic tablets and related expenses.)	10,000	0.00
Add: Community Services Grant: Muslim Community Center - dba MCC Medical Clinic (Provide for furniture.)	6,000	0.00
Add: Community Services Grant: Partnership for Extraordinary Minds (xMinds) (Provide for a portable simultaneous interpretation system.)	2,661	0.00
Add: Community Services Grant: Rebuilding Together Montgomery County (Provide for tools and associated storage and security equipment.)	9,085	0.00
Add: Community Services Grant: Stepping Stones Shelter (Provide for refrigerators and ceiling repair.)	10,000	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY19	(8,761,504)	0.00
FY20 Recommended	9,101,019	0.00

Community Grants: County Council

Like the NDA - Community Grants: County Executive, this provides one-time grants directly to organizations in the community as separately determined by the County Council grant process.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	3,521,964	0.00
FY20 Recommended	3,521,964	0.00

Compensation and Employee Benefit Adjustments

This NDA contains a General Fund appropriation and a non-tax appropriation, and provides funding for certain personnel costs related to adjustments in employee and retiree benefits; pay-for-performance awards for employees in the Management Leadership Service, Police Leadership Service, and non-represented employees; deferred compensation management; and unemployment insurance.

Non-Qualified Retirement Plan: This provides funding for that portion of a retiree's benefit payment that exceeds the Internal Revenue Code's §415 limits on payments from a qualified retirement plan. Payment of these benefits from the County's Employees' Retirement System (ERS) would jeopardize the qualified nature of the County's ERS. The amount in this NDA will vary based on future changes in the Consumer Price Index (CPI) affecting benefit payments, new retirees with a non-qualified level of benefits, and changes in Federal law governing the level of qualified benefits.

Deferred Compensation Management: These costs are for management expenses required for administration of the County's Deferred Compensation program. Management expenses include legal and consulting fees, office supplies, printing and postage, and County staff support.

Management Leadership Service Performance-Based Pay Awards: In FY99, the County implemented the Management Leadership Service (MLS), which includes high level County employees with responsibility for developing and implementing

policy and managing County programs and services. The MLS was formed for a number of reasons, including improving the quality and effectiveness of service delivery through management training, performance accountability, and appropriate compensation; providing organizational flexibility to respond to organizational needs; allowing managers to seek new challenges; and developing and encouraging a government-wide perspective among the County's managers. In FY19, the County implemented the Police Leadership Service (PLS) to include lieutenants and captains in the Department of Police. MLS and PLS employees are not eligible for service increments. Performance-Based awards for MLS and PLS employees are funded in FY20.

Unemployment Insurance: The County is self-insured for unemployment claims resulting from separations of service.

Unemployment insurance is managed by the Office of Human Resources through a third party administrator who advises the County and monitors claims experience.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	2,812,598	1.31
Increase Cost: FY20 Compensation Adjustment	5,132	0.00
Increase Cost: Retirement Adjustment	865	0.00
Re-align: Staffing Adjustment Between Deferred Compensation Management Funds	(31,177)	(0.26)
Reduce: Labor Negotiation Funding	(34,000)	0.00
FY20 Recommended	2,753,418	1.05

Conference and Visitors Bureau

The Conference and Visitors Bureau (CVB) promotes Montgomery County as a destination for meetings/conferences, student group travel, group tours, leisure travel, and amateur sports events. The CVB develops and distributes publications on points of interest to tourists, implements public information campaigns promoting tourism and event facilitation in Montgomery County, and attends trade shows and sales missions in target markets. The CVB also serves as a resource center assisting small and large hospitality businesses considering new product development and/or expansions. The CVB coordinates with the Maryland Office of Tourism Development (Visit Maryland), Maryland Film Office, Capital Region USA (CRUSA), TEAM Maryland, and national and regional events to promote tourism growth, increased visitor spending, and visitation in Montgomery County. The CVB manages the tourism marketing grant provided annually by the Maryland Tourism Development Board. The CVB operates on contract with the Department of Finance. Funding is based on seven percent of the total hotel/motel tax revenues.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	1,556,519	0.00
Decrease Cost: Decreased Revenue from the Updated Hotel/Motel Taxes	27,741	0.00
FY20 Recommended	1,584,260	0.00

Conference Center

Prior to FY06, the Conference Center NDA primarily provided for pre-opening expenses. Since the Conference Center opened in November 2004, the NDA has expanded its scope to fund:

- a full-time position to manage the operational and fiscal oversight of the Conference Center complex;
- non-routine repairs, alterations, improvements, renewals, and replacements; and
- the designated reserve required by the management agreement with Marriott International, Inc.

Funding is also included to reimburse the contractor for costs not covered by operations during accounting periods when losses occur. These costs will be offset by contractor payments to the County during accounting periods with operating gains. To ensure fiscal and operational accountability, a management audit is conducted every two years and the program budget is increased by \$50,000 during the year such audit is scheduled. Revenues consisting of net operating income from the Conference Center and land rent from the hotel are deposited into the general fund. Twenty percent of the County's net proceeds from Conference Center operations is retained for investment in marketing and facility improvements to increase Conference Center usage. All proposed investment expenditures are reviewed and approved by the Conference Center Management Committee.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	601,464	1.00
Increase Cost: Conference Center - Management Audit	50,000	0.00
Increase Cost: FY20 Compensation Adjustment	6,003	0.00
Increase Cost: Annualization of FY19 Personnel Costs	4,021	0.00
Increase Cost: Retirement Adjustment	1,026	0.00
FY20 Recommended	662,514	1.00

☼ **Consolidated Retiree Health Benefit Trust - College**

This NDA provides consolidated funding for Montgomery College's contribution to the Retiree Health Benefits Trust.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	2,845,000	0.00
Increase Cost: County Contribution Based on Actuarial Valuation	2,546,000	0.00
FY20 Recommended	5,391,000	0.00

☼ **Consolidated Retiree Health Benefit Trust - MCPS**

This NDA provides consolidated funding for Montgomery County Public Schools' contribution to the Retiree Health Benefits Trust.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	79,405,000	0.00
Increase Cost: Additional Contribution to the Retiree Health Benefits Trust for Prior Utilization	9,000,000	0.00
Decrease Cost: County Contribution Based on Actuarial Valuation	(9,872,000)	0.00
FY20 Recommended	78,533,000	0.00

☼ **County Associations**

This NDA funds Montgomery County membership dues to the National Association of Counties (NACo) and the Maryland Association of Counties (MACo).

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	74,728	0.00

eliminated, and a provision was adopted which requires counties to pay annually to municipalities the amount (\$28,020) that had been received by the municipalities in FY68.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	28,020	0.00
FY20 Recommended	28,020	0.00

✶ **Group Insurance Retirees**

Group insurance is provided to retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed. The budget does not include employer contributions from participating outside agencies.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	41,642,478	0.00
Increase Cost: Group Insurance Claims Costs Based on Actual Annual Claims	4,470,522	0.00
FY20 Recommended	46,113,000	0.00

✶ **Historical Activities**

This NDA provides funding for the Historical Society to support the Society's Education Program staff, educational and outreach programs for County residents, and to maintain the Historical Society's research library and museums.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	135,000	0.00
Increase Cost: Operating Expenses	15,000	0.00
FY20 Recommended	150,000	0.00

☼ **Montgomery Coalition for Adult English Literacy**

This NDA provides funding for the Montgomery Coalition for Adult English Literacy (MCAEL). MCAEL's mission is to strengthen the Countywide adult English literacy providers' network with resources, training, collaborations, and advocacy to support a thriving community and an effective workforce. Funding for MCAEL supports grants to 20 community organizations for 27 programs that provide adult English literacy classes. Additionally, MCAEL receives operating funding to provide technical assistance, training, and networking opportunities to over 65 community organizations that improve program quality and coordination and provide critical information for the community to educate and engage them about the need for and benefits from adult English literacy classes. The County's contribution is implemented by a contract between the Department of Public Libraries and MCAEL.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	1,757,058	0.00
FY20 Recommended	1,757,058	0.00

☼ **Montgomery County Economic Development Corporation**

This is the private non-profit corporation established by Council Bill 25-15 that serves as Montgomery County's lead economic development organization. The Economic Development Corporation is responsible for implementing the County's economic development strategic plan and related programs that include marketing, business retention and attraction, entrepreneurship, and promoting the development of the County's economic base.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	5,007,750	0.00
FY20 Recommended	5,007,750	0.00

☼ **Montgomery County Employee Retirement Plans**

The mission of this NDA is to manage prudent investment programs for the members of the Employee Retirement Plans and their beneficiaries. Expenditures associated with this program are funded from the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and the General Fund on behalf of the Montgomery County Deferred Compensation Plan (DCP) trust funds and are, therefore, not appropriated here. This NDA manages the assets of the ERS through its investment managers in accordance with the Board's asset allocation strategy and investment guidelines. The Board also administers the investment programs for the RSP and DCP. The Board consists of 13 trustees including the Directors of Human Resources, Finance, and Management and Budget; the County Council Executive Director; one member recommended by each employee organization; one active employee not represented by an employee organization; one retired employee; two members of the public recommended by the County Council; and two members of the general public.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	0	0.00
FY20 Recommended	0	0.00

The Department of Police manages this account with the assistance of the County Attorney. All bills are reviewed to determine the appropriateness of the medical expense reimbursement and to assess the responsible party for the medical expense.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	20,000	0.00
FY20 Recommended	20,000	0.00

☼ **Public Elections Fund**

Article IV of Chapter 16 of the County Code requires the Director of Finance to create a Public Election Fund to provide public campaign financing for qualified candidates for County Executive or County Council. The law is intended to encourage more candidates who do not have access to large contributions from interest groups or individuals to run for County elective offices. This NDA provides for the distribution of public contributions to qualified candidates in a contested election.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	0	0.00
FY20 Recommended	0	0.00

☼ **Public Technology, Inc.**

Funds are budgeted each year to continue membership in Public Technology, Inc. (PTI) as the County's research and development link with the National Association of Counties. Annual dues cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The County participates in, and has received grants as a result of, initiatives in task forces on energy, solid waste, and telecommunications. PTI, as an organization, specializes in the research and assessment of ideas of interest to local governments for increasing efficiency, reducing costs, improving services, and solving problems. A current emphasis is on public enterprise, toward helping local governments identify and capture potential sales from products and information that are outcomes of government investment.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	20,000	0.00
FY20 Recommended	20,000	0.00

☼ **Retiree Health Benefits Trust**

Consolidated Retiree Health Benefits Trust: Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to the County's 50 year-old practice of prefunding for retiree pension benefits. Due to exponential growth in expected retiree health costs, the County had determined the cost of funding these benefits, which were being paid out as the bills came due, would become unaffordable. Setting aside money now and investing it in a Trust Fund, which is invested in a similar manner as the pension fund, not only is a prudent and responsible approach but will result in significant savings over the long term.

The County's approach to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health

benefits and any accrued interest on unfunded liability. This amount, known as an Actuarially Determined Contribution or "ADC", normally consists of two pieces - the annual amount the County would usually pay out for health benefits for current retirees (the pay-as-you-go amount), plus the additional amount estimated to fund retirees' future health benefits (the pre-funding portion). The pay-as-you-go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County's policy is to pay the full amount of ADC each year. In FY11, the County Council enacted Bill 17-11 which established the Consolidated Retiree Health Benefits Trust. The Bill amended existing law and provided a funding mechanism to pay for other post employment benefits (OPEB) for employees of Montgomery County Public Schools and Montgomery County College. In FY15, the County and all other agencies implemented the Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This has reduced retiree drug insurance costs and the County's OPEB liability. The County achieved full pre-funding in FY15, consistent with Council resolution No. 16-555. In FY19, these contributions were budgeted at \$43.6 million (County General Fund), \$79.4 million (MCPS Consolidated Trust), and \$2.8 million (Montgomery College Consolidated Trust). Due to a significant shortfall of originally estimated tax revenues, the County initiated several cost containment measures to restore current year reserves. On a one-time basis, the County will reduce FY19 pre-funding to the Consolidated Trust by \$89.6 million.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	43,562,660	0.00
Decrease Cost: County Contribution Based on Actuarial Valuation	(8,881,830)	0.00
FY20 Recommended	34,680,830	0.00

☼ **Risk Management (General Fund)**

This NDA funds the General Fund contribution to the Liability and Property Coverage Self-Insurance Fund. The Self-Insurance Fund, managed by the Division of Risk Management in the Department of Finance, provides comprehensive insurance coverage to contributing agencies. Contribution levels are based on the results of an annual actuarial study. Special and Enterprise Funds, as well as outside agencies and other jurisdictions, contribute to the Self-Insurance Fund directly.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	17,417,251	0.00
Increase Cost: Risk Management Adjustment	2,374,272	0.00
FY20 Recommended	19,791,523	0.00

☼ **Rockville Parking District**

This NDA provides funding towards the redevelopment of the City of Rockville Town Center and the establishment of a parking district. The funding reflects a payment from the County to the City of Rockville for County buildings in the Town Center development and is based on the commercial square footage of County buildings.

Also included are funds for the cost of library employee parking and the County's capital cost contribution for the garage facility as agreed in the General Development Agreement.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	415,000	0.00
Increase Cost: Rockville Parking District	5,000	0.00
FY20 Recommended	420,000	0.00

☼ **Snow Removal and Storm Cleanup**

This NDA funds the snow removal and storm cleanup costs for the Department of Transportation and General Services above the budgeted amounts in these departments for this purpose. This program includes the removal of storm debris and snow from County roadways and facilities. This includes plowing, applying salt and sand, equipment preparation and cleanup from snow storms, and wind and rain storm cleanup.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	2,884,990	0.00
Increase Cost: Additional Contingency Funding based on Historical Actuals	5,000,000	0.00
FY20 Recommended	7,884,990	0.00

☼ **State Positions Supplement**

This NDA provides for the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland Appellate Courts.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	60,756	0.00
FY20 Recommended	60,756	0.00

☼ **State Property Tax Services**

This NDA reimburses the State for three programs that support the property tax billing administration conducted by the Department of Finance: the Montgomery County's Homeowners Credit Supplement, the Homestead Credit Certification Program, and the County's share of the cost of conducting property tax assessments by the State Department of Assessments and Taxation (SDAT).

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	3,565,615	0.00
FY20 Recommended	3,565,615	0.00

☼ **State Retirement Contribution**

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the

State Retirement System until 1965.) The County's contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.

- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	1,520,522	0.00
Increase Cost: State Retirement Contribution	75,838	0.00
FY20 Recommended	1,596,360	0.00

✱ Takoma Park Library Annual Payments

The annual amount provided in this NDA is a function of County expenditures for the Montgomery County Public Libraries (as a share of property tax-funded spending) and the City of Takoma Park's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	164,058	0.00
Increase Cost: Formula Projection Adjustment	24,271	0.00
FY20 Recommended	188,329	0.00

✱ Takoma Park Police Rebate

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with "full value assessment" levied on real property.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	1,028,342	0.00
Increase Cost: Formula Projection Adjustment	98,423	0.00
FY20 Recommended	1,126,765	0.00

✱ Telecommunications

This NDA provides the operating expenses appropriations for telecommunication charges incurred by departments, including land-line charges and Private Branch Exchange System (PBX) maintenance and support charges. Prior to FY17, the Department of Technology Services charged individual departments and funds for expenses incurred.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	5,356,382	0.00
FY20 Recommended	5,356,382	0.00



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

April 18, 2019

To: Nancy Navarro, President
Montgomery County Council

From: Marc Elrich, County Executive *Marc Elrich*

Subject: Salary Schedule for Non-Merit Employees

Pursuant to Bill 51-15, Non-merit employees – Salary Schedule – Established, I am submitting for County Council approval in the Fiscal Year 2020 Operating Budget, a proposed Executive Level Service (ELS) Salary Schedule for the Chief Administrative Officer, Principal Department Directors and Other Non-Merit employees.

The baseline data for the proposed Executive Salary Schedule was created using information from the Executive Compensation Study that was completed in 2016 by the Public Financial Management, Inc. (PFM). However, adjustments to the proposed ELS Salary Schedule were made to better align with my vision for a more cost effective and sustainable government. In our commitment to attract and retain a diverse group of competent leaders and ensure consistency with compensation standards, we adjusted each of the previously established pay band ranges from 80% to 70%. Please note that a yearly 2% cost of living adjustment is included in the proposed salary bands.

I am confident the adjusted range spread of the proposed ELS Salary Schedule provides us the flexibility to attract and hire competent individuals to our non-merit leadership positions and supports the opportunity for advancement within the proposed pay bands.

Attachment: Fiscal Year 2020 Executive Level Salary Schedule

Cc: Andrew Kleine, Chief Administrative Officer
Fariba Kassiri, Deputy Chief Administrative Officer
Rich Madaleno, Director, Office of Management and Budget
Karen Plucinski, Acting Director, Office of Human Resources



Executive Level Salary Schedules

Proposed Draft

Grade Definitions

XIII

An appointed member of senior management, who is responsible for the overall operations of a non-primary department and/or directs a critical business function for the County.

XII

An appointed member of senior or top management, who is responsible for the overall operations of a non-primary department and/or leads one or more strategic functions.

XI

An appointed member of executive leadership, who is responsible for the overall operations of a primary department and/or leads one or more strategic functions.

Chief Administrative Officer

An appointed member of executive leadership, who is responsible for leading the day-to-day operations of the entire government.

Proposed Executive Pay Schedules - Fiscal Year 2020

	MINIMUM	MIDPOINT	MAXIMUM
XIII	\$116,670	\$157,505	\$198,339
XII	\$128,337	\$173,255	\$218,173
XI	\$141,170	\$190,580	\$239,990
CAO	\$169,405	\$228,697	\$287,988

As provided for in the Montgomery County Code, Section 1A-104, the County Executive may exceed the salary schedule for an individual employee, subject to Council approval, if the Executive finds that it is necessary to attract or retain a senior leader for a specific position. This chart includes a yearly 2% cost of living adjustment.

	XIII	XII	XI	CAO
Position	Senior Management	Senior/Top Management	Director, Executive Leadership	Chief Administrative Officer
Management Role	Directs a critical business function. Responsible, through subordinate management, for an overall department, division, one or more functions in a unit/group or for a County function.	A member of the senior management team and leads one or more strategic functions, or a non-primary department for the County. Responsible, through subordinate management, for the overall operations of a department/division or unit for the County.	A member of the senior management team and leads one or more strategic functions, or a primary department for the County.	Leads the day-to-day operations for the entire County government.
Policy and Strategy	Participates with executive leadership and top management in developing and authorizing the implementation of strategic business plans.	Establishes strategies and philosophies of a department, division or unit in collaboration with the executive leadership and Chief Administrative Officer.	Develops corporate strategic plans driving toward the achievement of the County's service, business and financial goals.	Articulates corporate strategy and performance goals in the context of the mission and values of the organization.
Freedom to Act	Objectives largely tied to County-wide performance and guided by broad County policies and strategic plans.	Objectives directly tied to overall performance of the County. Makes final decisions, guided by the broadest policies and strategies.	Takes action guided by the general direction set by the County Executive Officer and the Chief Administrative Officer.	Directly accountable to the County Executive, County Council, and stakeholders.
Impact	Decisions have major and measurable long-term impact on the success, failure, profitability and growth of a department, division, unit/group, and/or the County.	Decisions drive the long-term success, failure, profitability and growth of the County's department, division or unit functions.	Decisions drive the success, failure, service delivery, profitability and growth of the County.	Decisions drive the success, failure, profitability and growth of the County in achieving its overall long-term objectives.
Liaison	Serves as a principal spokesperson for the department/division/unit or group on highly significant matters.	Interacts with executive leadership to execute decisions, manage risk and influence activities that affect the long-term service and operational continuity of the County.	Represents the County internally and externally.	Serves as the spokesperson for the County Executive on behalf of the County government.

Executive Salary Scales and Positions

CAO – EXECUTIVE SALARY SCALE

Position Title

Chief Administrative Officer

XI – EXECUTIVE SALARY SCALE

Position Title

Director Office of Consumer Protection
Director Department of Correction and Rehabilitation
County Attorney
Director Department of Environmental Protection
Director Department of Finance
Fire Chief, Fire/Rescue Service
Director Department of General Services
Director Department of Health and Human Services
Director Department of Housing and Community Affairs
Director Office of Human Resources
Director Office of Intergovernmental Relations
Director Department of Liquor Control
Director Office of Management and Budget
Director Department of Permitting Services
Director Department of Police
Director Office of Procurement
Director Office of Public Information
Director Department of Public Libraries
Director Department of Recreation
Director Department of Technology Services
Director Department of Transportation

XII – EXECUTIVE SALARY SCALE

Position Title

Assistant Chief Administrative Officers

XIII – EXECUTIVE SALARY SCALE

Position Title

Special Assistants to County Executive
Special Projects Manager, Office of the CAO
Development Ombudsman, Office of the CAO
Director Criminal Justice Coordinating Commission, Office of the CAO
Division Chief MCFRS Volunteer Services
Chief Aging and Disability Services, HHS
Chief Children Youth and Family Services, HHS
Chief Special Needs Housing, HHS
Chief Behavioral Health and Crisis Services, HHS
County Health Officer
Assistant Chiefs of Police
Director Office of Community Partnerships
Director Regional Services Centers
Transportation Policy Officer, DOT
Deputy Director of Operations, DOT
Deputy Director, DGS
Deputy Director, DHCA
Deputy Director, OMB
Chief Broadband Officer, DTS
Chief Data Officer, DTS
Chief Digital Officer, Office of the CAO
Chief Equity Officer, Office of the CAO
Chief Labor Relations Officer, Office of the CAO

**MONTGOMERY COUNTY GOVERNMENT
LEGISLATIVE BRANCH NON-MERIT EMPLOYEES
SALARY SCHEDULE
PROPOSED FISCAL YEAR 2020
EFFECTIVE JULY 7, 2019**

<u>PAY BAND</u>	<u>MLS LEVEL</u>	<u>MINIMUM</u>	<u>MIDPOINT</u>	<u>MAXIMUM</u>
LBIII	LEGISLATIVE BRANCH LEVEL III	\$91,959	\$129,448	\$166,936
LBII	LEGISLATIVE BRANCH LEVEL II	\$105,161	\$145,968	\$186,775
LBI	LEGISLATIVE BRANCH LEVEL I	\$141,170	\$190,580	\$239,990

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
FROM: Justina J. Ferber, Legislative Analyst *JF*
SUBJECT: Proposed FY17 Salary Schedule for Non-Merit County Government Employees

The following persons will be present for the briefing:

Shawn Stokes, Director, Office of Human Resources (OHR)

Background

Bill 51-15 at §12 requires the Executive to propose a salary schedule for heads of departments and principal offices and other non-merit employees in the Executive Branch for approval by the Council as part of the annual operating budget for the County Government. The new salary schedule will apply to any employee hired or promoted to a head of a department or principal office or other non-merit position after the date the Council approves it. The Bill authorizes the Executive to exceed the salary schedule subject to Council approval if the Executive finds that it is necessary to attract or retain a senior leader for a specific position. Bill 51-15 also requires the Council to approve a salary schedule for future non-merit employees in the Legislative Branch.

Proposed Executive Branch Salary Schedule

On April 21, 2016, the Executive transmitted a new Executive Level Service (ELS) Salary Schedule for heads of departments and principal offices and other non-merit employees in the Executive Branch. (See §1) In developing the proposed ELS Salary Schedule, the Office of Human Resources (OHR) created three primary grades (X1, X2 and X3) and one grade to capture the salary of the Chief Administrative Officer (CAO). (See §3) OHR has developed Executive Core Qualifications that outline the requisite qualifications for employees in each grade level.

OHR developed pay ranges based on actual employee pay. These pay levels represent "anchors" on which the new schedule was constructed. OHR then applied a salary range spread of 80% around these anchors. See §3 for salary and ranges. The list of positions in each grade is at §5.

Grade X3 – Question A and other appointed positions
Grade X2 – Directors of non-principal departments (some are also Questions A positions)
Grade X1 – Directors of principal departments
CAO

To test the “anchors,” Council staff compared the proposed X2 range to current salaries. For X2 the proposed salary schedule has a minimum of \$120,935, midpoint of \$169,309, and maximum of \$217,683. According to DataMontgomery, updated February 11, 2016, Regional Service Center Director salaries range from \$145,000 to \$173,790, Assistant CAO salaries are \$170,687¹, and the Director of Community Partnerships salary is \$176,837. The proposed X2 maximum of \$217,683 is 31% higher than the average of these salaries (\$166,102) and 23% higher than the highest of these salaries (\$176,837).

Comments of Councilmember Leventhal

In a June 28, 2016 memo to Councilmembers, Councilmember Leventhal, the lead sponsor of Bill 51-15, raised several questions about the proposed ELS Salary Schedule. (See 06)

1. He questioned the statement by the Economic Research Institute that Montgomery County executive pay generally lags the regional median by 15 to 40%. He said that County non-merit salaries are more than competitive with other public sector jurisdictions and should not be compared with top-level salaries in the private sector.
2. He asked whether the proposed “anchor” pay levels are unnecessarily high, whether the “range spread” for each grade should be as large as 80%, and whether the “differential” for each of the first three grades should be 10%, and 20% more for the CAO.
3. He asked whether all Directors of principal departments should be in the same grade (X1), or whether there should be one or more additional grades to recognize differences in management responsibility, span of control, and decision-making authority. He also questioned whether special assistants to the Executive belong in this grade, and whether the positions in the middle grade (X2) should be shifted to a lower grade.

With regard to a salary schedule for non-merit employees in the Legislative Branch, he suggested as one option that: (a) the range for Confidential Aides (Chiefs of Staff) could be at the Manager 2 level in the Management Leadership Service, the same as Senior Legislative Analysts; b) the range for the OLO Director and Hearing Examiners could be at the Manager 1 level; and c) the range for the Council Administrator could be at the highest level of Executive Branch Director.

¹ One ACAO position that was included in the Executive compensation study had a salary of \$186,244. The incumbent has left County Government. This position was not included in the Council staff analysis.

Councilmember Leventhal added that this GO Committee worksession would provide an opportunity to examine these issues and options. He said that one result could be a request to the Executive to transmit a revised salary schedule for non-merit Executive Branch employees, adding that the Council should take the time now to assure that the first salary schedules approved pursuant to Bill 51-15 are well designed and carefully considered.

OHR Director Shawn Stokes responded to Councilmember Leventhal's memo on July 8. See her memo at ©8.

OLO Report

In November 2015 the Office of Legislative Oversight (OLO) issued Memorandum Report 2016-1, *Comparative Data on High-Level Manager Salaries*. OLO found that the federal government has a salary schedule for non-merit positions that are appointed by the President, typically with the advice and consent of the Senate. There are *five* grade levels of this Executive Schedule ranging from Cabinet Secretaries to appointed Directors and Deputy Directors across multiple federal agencies. The State of Maryland Executive Pay Plan has *nine* grade levels for non-merit executives in State government. The majority of jurisdictions in the OLO report had *five* or more grade levels for Executive staff (Howard County *five* levels; Fairfax *seven* levels.)

The OLO report also found that among 20 local government and the two federal classifications, Montgomery County had the 3rd highest average salary for Director positions at \$206,685. In addition, Montgomery County's average Director salary was highest among the DC-Baltimore region.

Previous Non-Merit Salary Schedule

Prior to 1997, each County employee holding a non-merit position was paid within a salary schedule approved by the Council in the operating budget. Each Department Director was assigned a specific grade that coincided with the salary schedule. There were at least three different grade levels for Department Directors. (See ©11). Then-County Executive Duncan abolished the schedule in 1997. Bill 51-15 requires that schedules for both branches be re-established.

Questions for Consideration

Councilmember Leventhal's memo raised good points. Below are questions that the Committee may wish to discuss with OHR.

Too Few Grades/Rationale for Assigned Grades

Are the grade levels too broad and overly inclusive? Should all Department Directors be in the same category? For example, should the Director of Consumer Protection be at the same level as the Chief of Police?

Should the ELS Salary Schedule be limited to three grades and an additional grade level for the CAO, or should there be additional grades for different Department Directors?

Should the positions assigned to each grade level be reevaluated? For example, why are Special Assistants to the County Executive at the same grade level as Department Directors? Are the positions in grade X2 properly classified?

Salary Levels and Differentials

Should further study be given to the initial "anchor" salaries and to the range spread and differentials? See the discussion at the top of page 2. (The range spread for MLS is 77.6% to 82.7%. See the MLS Salary Schedule at ©10. Recall that MLS levels combined 3 to 5 grades for each level when they were created.)

Should the differential be 10% between grade levels and 20% for the CAO?

Is the broad range in salary an invitation for salary inflation?

Council Staff Comments

The Committee can take the time required to examine these questions thoroughly. There is no need to make a rushed decision on the first non-merit ELS Salary Schedule. It makes sense for Executive staff to consider the comments of Councilmembers on these questions and to discuss possible revisions with the Executive. The Committee can review the schedule again in September.

With regard to the Legislative Branch schedule, the Committee can discuss the suggestions of Councilmember Leventhal. It may make sense to defer a final recommendation on this schedule until the Committee comes to closure on the Executive schedule.

This packet contains:

County Executive Memorandum, April 21, 2016	© 1
ELS Salary Schedule	3
ELS Position Description	4
List of ELS Positions	5
Councilmember Leventhal's June 28, 2016 Memorandum	6
OHR Director Stokes' July 8, 2016 Memorandum	8
MLS FY17 Salary Schedule	10
1997 Appointed Classes for Department Directors	11
Enacted Bill 51-15	12

Expedited Bill No. 51-15
Concerning: Non-merit employees -
Salary Schedule - Established
Revised: February 4, 2016 Draft No. 5
Introduced: December 8, 2015
Enacted: March 1, 2016
Executive: March 13, 2016
Effective: March 13, 2016
Sunset Date: None
Ch. 4, Laws of Mont. Co. 2016

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Leventhal
Co-Sponsors: Councilmembers Elrich, Rice and Hucker

AN EXPEDITED ACT to:

- (1) establish a salary schedule for heads of departments, principal offices, and other non-merit employees;
- (2) require certain salaries to be set under the salary schedule established for these positions; and
- (3) generally amend the law governing compensation for non-merit employees.

By amending

Montgomery County Code
Chapter 1A, Structure of County Government
Section 1A-104

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

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

1 **Sec. 1. Section 1A-104 is amended as follows:**

2 **1A-104. Heads of departments and principal offices; other positions designated**
3 **as non-merit.**

4 (a) *Names.* The head of a department or principal office is called the Director
5 of the department or principal office, except that:

- 6 (1) the Director of Police is also called the Chief of Police;
7 (2) the Director of the Montgomery County Fire and Rescue Service
8 is also called the Fire Chief; and
9 (3) the Director of the Office of the County Attorney is called the
10 County Attorney.

11 (b) *Qualifications.*

- 12 (1) Each head of a department or principal office should be
13 professionally qualified.
14 (2) A person holding any other position in the Executive Branch
15 designated by law as a non-merit position must be professionally
16 qualified for the position under a position description established
17 by regulation under method (1).

18 (c) *Status.* Heads of departments and principal offices, and holders of any
19 other position in the Executive Branch designated by law as a non-merit
20 position, are County employees but are not merit system employees.

21 (d) *Special reinstatement rule.* A person who was a merit system employee
22 of the Police Department when appointed as an Assistant Chief of Police
23 may return to the merit system in the Department at the same rank that
24 the person last held in the merit system. The person must elect to return
25 to the merit system within 10 days after leaving the Assistant Chief
26 position, by notifying the Chief Administrative Officer in writing. If the
27 previous rank was abolished, the person must be assigned to the closest

28 equivalent rank, and must receive the salary and benefits that would apply
29 if the person had remained in the merit system at the previous rank and
30 the rank still existed.

31 (e) Salaries. The Executive must design a compensation system to attract
32 and retain highly competent senior leaders as heads of departments and
33 principal offices, and other non-merit employees in the Executive
34 Branch. Each of these employees must be paid a salary within a salary
35 schedule proposed by the Executive and approved by the Council in the
36 Operating Budget of the Montgomery County Government. The salary
37 schedule may contain a provision permitting the Executive to exceed the
38 salary schedule established for a position for an individual employee,
39 subject to Council approval, if the Executive finds that it is necessary to
40 attract or retain a senior leader for a specific position. The Council must
41 establish a salary schedule for non-merit positions in the Legislative
42 Branch as part of the Operating Budget of the Montgomery County
43 Government.

44 **Sec. 2. Effective Date.**

45 The Council declares that this legislation is necessary for the immediate
46 protection of the public interest. This Act takes effect on the date on which it becomes
47 law. This Act must apply to any employee who is hired or promoted to head of a
48 department or principal office or other non-merit position after the date the Council
49 approves the first salary schedule required in Section 1 [[when this Act becomes law]].

51

52 *Approved:*

53

Nancy Floreen

March 2, 2016

Nancy Floreen, President, County Council

Date

54 *Approved:*

55

Isiah Leggett

March 13, 2016

Isiah Leggett, County Executive

Date

56 *This is a correct copy of Council action.*

57

Linda M. Lauer

March 14, 2016

Linda M. Lauer, Clerk of the Council

Date



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

GEORGE LEVENTHAL
COUNCILMEMBER
AT-LARGE

MEMORANDUM

April 24, 2018

To: Councilmembers
From: George Leventhal *George Leventhal*
Subject: Executive's Proposed Non-Merit Salary Schedule

I have reviewed the FY19 salary schedule for non-merit Executive Branch employees proposed by the County Executive. This schedule will be considered by the Government Operations and Fiscal Policy Committee on April 27 and by the Council on May 1. As was the case last year, this proposed schedule remains flawed and should not be approved.

Except for annual general wage adjustments, the proposed schedule is unchanged from the draft scheduled prepared by the County Executive two years ago. In my memo of June 28, 2016, which is attached, I listed what I considered serious problems with the draft schedule. As with the Executive's FY18 proposal, the FY19 schedule fails to address any of these problems.

I continue to believe that it is not fair to our taxpayers to expect executive-level salaries for public service occupations like libraries, corrections, or recreation to keep pace with salaries of executives in private sector occupations. I continue to believe that the proposed schedule, including the "range spread," is poorly constructed. And I continue to believe that positions like Police Chief, Fire Chief, and directors of departments like HHS and DOT do not belong in the same category as the directors of small offices like Consumer Protection and Public Information or the special assistants to the County Executive. Once again, the Executive's proposed FY19 salary schedule ignores these concerns.

I hope that the GO Committee and the Council will not approve the proposed schedule. Instead, the Council should again request the County Executive to transmit a revised schedule, although under Bill 51-15 he is not required to do so. As I have stated in each of the last two years, the Council must assure that the first approved non-merit salary schedule is well designed and carefully considered. Yet again, what the County Executive has sent us does not meet that test.



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

GEORGE LEVENTHAL
COUNCILMEMBER
AT-LARGE

June 28, 2016

Memorandum

To: Councilmembers
From: George Leventhal *George Leventhal*
Re: Non-merit salary schedules

On March 1, 2016 the Council unanimously enacted Bill 51-15, Non-merit employees – Salary Schedule – Established. As you know, the bill requires the Executive to propose and the Council to approve a salary schedule for non-merit employees in the Executive Branch. It also requires the Council to establish a salary schedule for non-merit employees in the Legislative Branch. Such schedules have long been in effect for the federal and state governments and for local jurisdictions in the region.

The bill is prospective; it applies only to employees hired for non-merit positions after the Council has approved the first salary schedules. Also, the bill authorizes the Executive to exceed the salary schedule, subject to Council approval, "if the Executive finds that it is necessary to attract or retain a senior leader for a specific position."

On April 21 the Executive sent the attached memo recommending the first salary schedule for non-merit employees in the Executive Branch. The Government Operations and Fiscal Policy Committee is scheduled to discuss the recommended schedule on July 14. As the lead sponsor of the bill, I would like to offer comments and suggest a course of action.

It is important, as the bill states, for the county to have a "compensation system to attract and retain highly competent senior leaders as heads of departments and principal offices, and other non-merit employees...." As the November 2015 OLO report on non-merit salaries made clear, compensation for our senior non-merit employees is in fact highly competitive. My concern in developing this bill was that since 1997, when County Executive Duncan abolished the salary schedule for these employees, there has been a steady upward drift in compensation with no apparent framework. The common sense approach in this bill will enable us to attract and retain outstanding employees while meeting our obligations to the taxpayers.

On June 13 I met with Office of Human Resources Director Shawn Stokes to discuss the Executive's April 21 memo. I raised several points.

First, I questioned the statement on page 1 of the memo that "When compared to other regional large public, private, and non-profit employers with more than \$1 billion in revenue surveyed by the Economic Research Institute, Montgomery County executive pay generally lags the regional median by 15% to 40%. While such a differential relative to the private sector is not uncommon, it underscores a challenge the county faces in the competition for top-tier talent." I disagree with this premise. Our excellent non-merit employees come overwhelmingly from federal, state, or local government, not from the private sector. The salaries for their positions are more than competitive, and in most cases the salaries represent a very large pay increase. Their work for the county will position them well for future employment. Most important, we are talking here about public service. It is not fair to our taxpayers to expect executive-level salaries for public service occupations like libraries, corrections, or recreation to keep pace with salaries of executives in private sector occupations.

Second, there should be further discussion about how the recommended salary schedule is constructed. Are the "anchor" pay levels for the recommended grades unnecessarily high? Should the "range spread" for each grade be as large as 80%? Should the "differential" for each of the first three grades be 10%, and should the differential for the CAO be 20%? There may well be better options.

Third, there should also be further discussion about which positions belong in which grade. Should all directors of principal offices, as defined in the Code, be in the same grade (X1), or should there be one or more additional grades to recognize differences in management responsibility, span of control, and decision-making authority? Positions like Police Chief, Fire Chief, and the directors of departments like HHS, DOT, and DTS do not belong in the same category as the directors of small offices like Consumer Protection or Public Information. Also, should the special assistants to the Executive be in this same category? These positions play an important role, but they do not require the same professional grounding and do not have the same management responsibilities as major department directors. The same is true of positions in the next highest grade (X2), including assistant CAOs, regional service center directors, and the director of the Office of Community Partnerships. All these positions may belong in a lower grade (X3).

We also need to address the salary schedule for non-merit employees in the Legislative Branch. To start the discussion, I suggest that we consider the attached schedule for the Management Leadership Service. The range for our Confidential Aides (Chiefs of Staff) could be Manager Level 2, the same as for our Senior Legislative Analysts. The range for the OLO director and the two hearing examiners could be Manager Level 1, which includes a small number of the county's top merit system employees. The range for the Council Administrator could be the same as for the highest level Executive Branch department directors. Other options should also be considered.

The GO Committee meeting on July 14 will provide an opportunity to examine these issues. One result may be a request to the Executive to transmit a revised salary schedule for non-merit Executive Branch employees. I think we should take the time now to assure that the first salary schedules we approve pursuant to Bill 51-15 are well designed and carefully considered. I look forward to working with you to this end.

cc: Ike Leggett, County Executive
Tim Firestine, CAO
Shawn Stokes, OHR Director

County Awards Summary (FY2019)

Run Date: 04/17/2019

Department	Annual Leave (hrs)	Award Amount							Recruit- ment AL (hrs)	SL Bonus (hrs)	PTT (hrs)
		Emp. of Year	Recognition		ASE		Recruit- ment	Total			
			Cash	Non-Cash	Exam	Master					
01 - County Council	1,100										
24 - Board of Elections	728										
30 - County Attorney	80										
31 - Management & Budget	160	\$500	\$600					\$1,100			
32 - Finance	40		\$800					\$800			
33 - Human Resources	40										
34 - Technology Services	120			\$50				\$50			
36 - General Services	320				\$98,600	\$95,000		\$193,600			
42 - Correction & Rehabilitation	328						\$5,500	\$5,500			
45 - Fire/Rescue Services	128										
47 - Police	3,631						\$5,000	\$5,000	480		
48 - Sheriff	1,348									552	360
50 - Transportation	818	\$7,500						\$7,500			
60 - Health & Human Services	112										
71 - Libraries	1,066										
76 - Housing & Community Affairs	260										
78 - Agriculture Services	60										
80 - Environmental Protection	300										
85 - Liquor Control	80	\$3,000						\$3,000			
Total	10,719	\$11,000	\$1,400	\$50	\$98,600	\$95,000	\$10,500	\$216,550	480	552	360