



**Committee:** GO  
**Committee Review:** At a future date  
**Staff:** Christine Wellons, Senior Legislative Attorney  
**Purpose:** To introduce agenda item – no vote expected  
**Keywords:** #GroupGRetirement

AGENDA ITEM #5A  
July 26, 2022  
**Introduction**

## **SUBJECT**

Bill 23-22, Personnel and Human Resources – Pension Amount – Group G

Lead Sponsor: Council President at the Request of the County Executive

## **EXPECTED ATTENDEES**

None

## **COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION**

- N/A

## **DESCRIPTION/ISSUE**

Council Bill 23-22 would:

- (1) increase the pension amount for Group G members by applying 5% of average final earnings for each year of credited service received for accumulated sick leave subject to a certain reduction amount; and
- (2) generally revise County law regarding pension at retirement.

## **SUMMARY OF KEY DISCUSSION POINTS**

- The County Executive has proposed Bill 23-22 in order to implement a side letter collectively bargained between the Executive and IAFF dated 2/15/2021.
- The Council discussed this legislation in connection with its adoption of the FY22 Operating Budget. At the time, since the legislation was not yet available, the Council explicitly did not approve funding for the contemplated legislation in the FY22 operating budget.

## **This report contains:**

Staff Report	Page 1
Bill 23-22	© 1
LRR	© 4
Fiscal Impact Statement	© 5
County Executive Memorandum	© 8

**Alternative format requests for people with disabilities.** If you need assistance accessing this report you may [submit alternative format requests](#) to the ADA Compliance Manager. The ADA Compliance Manager can also be reached at 240-777-6197 (TTY 240-777-6196) or at [adacompliance@montgomerycountymd.gov](mailto:adacompliance@montgomerycountymd.gov)

## MEMORANDUM

July 21, 2022

TO: County Council

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Bill 23-22, Personnel and Human Resources – Pension Amount – Group G

PURPOSE: Introduction – no Council votes required

Bill 23-22, Personnel and Human Resources – Pension Amount – Group G, sponsored by the Council President at the request of the County Executive, is scheduled for introduction on July 26, 2022. A public hearing will be scheduled for a later date.

The bill would:

- (1) increase the pension amount for Group G members by applying 5% of average final earnings for each year of credited service received for accumulated sick leave subject to a certain reduction amount; and
- (2) generally revise County law regarding pension at retirement.

### BACKGROUND

The County Executive has proposed Bill 23-22 in order to implement a side letter collectively bargained between the Executive and IAFF dated 2/15/2021. The Council briefly discussed this legislation in connection with its adoption of the FY22 Operating Budget. At the time, the Council explicitly did not approve funding for the contemplated legislation.

### BILL SPECIFICS

Bill 23-22 would increase the annual pension amount for eligible Group G members. Eligible members who are under the Social Security retirement age would receive 5 % of average final earnings for each year of credited service received for accumulated sick leave. Once the member reaches Social Security retirement age, the 5% rate would be reduced by 1.5625 %, for the portion of average final earnings equal to or less than the Social Security maximum covered compensation in effect on the date of retirement.

<u>This packet contains:</u>	<u>Circle #</u>
Bill 23-22	1
LRR	4
Fiscal Impact Statement	5
County Executive Memorandum	8

Bill No. 23-22  
Concerning: Personnel and Human  
Resources – Pension Amount – Group G  
Revised: 7/18/2022 Draft No. 1  
Introduced: July 26, 2022  
Expires: January 26, 2024  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: \_\_\_\_\_  
Ch.       , Laws of Mont. Co.       

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

---

By: Council President at the Request of the County Executive

---

**AN ACT** to:

- (1) increase the pension amount for Group G members by applying 5% of average final earnings for each year of credited service received for accumulated sick leave subject to a certain reduction amount; and
- (2) generally revise County law regarding pension at retirement.

By amending

Montgomery County Code  
Chapter 33, Personnel and Human Resources  
Section 33-42

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

**Sec. 1. Section 33-42 is amended as follows:**

2 33-42. Amount of pension at normal retirement date or early retirement date.

\* \* \*

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

\* \* \*

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

\* \* \*

(E) The County must compute the annual pension of a Group G member in the integrated retirement plan who retires on a normal retirement as follows:

(i) from the date of retirement to the month that the member reaches Social Security retirement age, the following percentages of average final earnings apply:

(a) 2 ½ percent, for each of the first 20 years of credited service:

(b) 2 percent, for each year of credited service of more than 20 years to a maximum of 31 years, plus sick leave credits; and;

(c) 5 percent for each year of credited service  
received for accumulated sick leave; and

22 (d) 0 percent for years after year 31 (except sick  
23 leave credits referred to in subclause [(b)] (c));  
24 and

25 (ii) from the month the member reaches Social Security  
26 retirement age, the percentages specified in clause (i)  
27 must be reduced, respectively, by the following  
28 percentages of average final earnings for the portion  
29 of any amount equal to or less than the Social  
30 Security maximum covered compensation in effect  
31 on the date of retirement:

32 (a) 0.78125 percent, for each of the first 20 years  
33 of credited service; [and]

34 (b) 0.625 percent for each year of credited service  
35 of more than 20 years, to a maximum of 31  
36 years, plus sick leave credits; and

37 (c) 1.5625 percent, for each year of credited  
38 service received for accumulated sick leave.

39 \* \* \*

## LEGISLATIVE REQUEST REPORT

### Bill XX-22 Fire and Rescue Services – Group G Sick Leave Credit Increase

<b>DESCRIPTION:</b>	This Bill would amend the County Code to increase the pension amount for Group G members by applying 5% of average final earnings for each year of credited service received for accumulated sick leave subject to the appropriate reduction amount.
<b>PROBLEM:</b>	Changes to County pensions require legislation.
<b>GOALS AND OBJECTIVES:</b>	To amend the County Code to implement a negotiated provision in the Collective Bargaining Agreement between Montgomery County and the Montgomery County Career Fire Fighter Association, International Association of Fire Fighters, Local 1664.
<b>COORDINATION:</b>	Office of Labor Relations Montgomery County Employee Retirement Plans
<b>FISCAL IMPACT:</b>	To be requested.
<b>ECONOMIC IMPACT:</b>	To be requested.
<b>EVALUATION:</b>	To be requested.
<b>EXPERIENCE ELSEWHERE:</b>	Unknown.
<b>SOURCE OF INFORMATION:</b>	Jennifer Harling, Esquire Office of Labor Relations
<b>APPLICATION WITHIN MUNICIPALITES:</b>	N/A
<b>PENALTIES:</b>	N/A

**Fiscal Impact Statement**  
**Bill XX-22**

**Personnel and Human Resources – Amount of Pension at Normal Retirement Date or Early Retirement Date - Revision**

1. Legislative Summary.

The legislation increases the benefit accrual rate to 5.0 percent (from the current level of between 2.0 and 2.5 percent) of average final earnings from retirement to social security retirement age and 3.4375 percent of average final earnings after attaining social security retirement for each year of sick leave credits for Group G members.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

FY23 County expenditures increase \$1,108,408 reflecting nine months of the estimated annual amortized County contribution required to support the increased benefit accrual for accumulated sick leave based on actuarial valuation as of July 1, 2021, assuming an October 1, 2022 effective date. The analysis assumes that the additional unfunded liability is amortized over a 20-year period as a level percentage of pay. Current DROP members are not assumed to be affected. This estimate is based on current actuarial assumptions, including 0.029 years of accumulated sick leave per year of credited service. Members may accrue more sick leave in the future due to a change in the benefit accrual rate, which may increase the unfunded liability resulting from the provision. In the event this legislation passes, the annual pension valuation will take these factors into account as new Group G contribution rates and liabilities are calculated. There is no anticipated impact on revenues.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

If the existing actuarial assumptions remain constant, the additional contribution over the six-year period is estimated to be \$9,190,045 as shown below. Under the County's funding policy, contributions are calculated as a level percent of payroll. Therefore, the projected dollar contributions for subsequent fiscal years are projected to increase based on increases in total payroll (assumed to be 3 percent). There is no anticipated impact on revenues.

	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>Six-Year Total</b>
County Contribution - Increase in Sick Leave Benefit Accrual Rate	1,108,408	1,522,213	1,567,880	1,614,916	1,663,364	1,713,264	9,190,045

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Actuarial analysis provided by Gabriel, Roeder, Smith and Company estimates that increasing the benefit accrual rate to 5 percent of average final earnings from retirement to Social Security retirement and 3.4375 percent of average final earnings after attainment of Social Security retirement age for each year of sick leave credits increases actuarial accrued liability for Group G members over a 20-year period by \$12,127,652. The actuarial assumptions used in the analysis are the same as those used in the actuarial valuation of the Montgomery County Employees' Retirement System as of July 1, 2021.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

Not applicable.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

This bill does not authorize future spending.

7. An estimate of the staff time needed to implement the bill.

Not applicable.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

No change in staff responsibilities is expected due to implementing this legislation.

9. An estimate of costs when an additional appropriation is needed.

FY23 expenditures increase \$1,108,408 to support nine months of the estimated annual County contribution.

10. A description of any variable that could affect revenue and cost estimates.

The impact of increasing the benefit accrual rate on the accrual of sick leave is difficult to estimate. Additional sick leave accrual may increase the unfunded liability resulting from the provision. Similarly, additional accrued sick leave may reduce the need for

backfill overtime to cover sick leave by frontline employees. This impact is also difficult to estimate. The cost estimates provided in this fiscal impact statement are based on the current actuarial assumption of 0.029 years of sick leave per year of credited service. Likewise, no change in the overtime cost of backfilling sick leave use for Group G members is assumed.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

See answer to Question 10.

12. If a bill is likely to have no fiscal impact, why that is the case.

Not applicable.

13. Other fiscal impacts or comments.

Not applicable.

14. The following contributed to and concurred with this analysis:

Rachel Silberman, Office of Management and Budget

Yan Yan, Montgomery County Employee Retirement Plans

  
Jennifer Bryant, Director  
Office of Management and Budget

6/28/22

Date



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

M E M O R A N D U M

June 30, 2022

TO: Gabe Albornoz, President  
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Bill No. XX-22, Amendment to Section 33-42 of the Montgomery County Code -  
-- Sick Leave Credit Increase

I am transmitting to you Bill No. XX-22, which amends Section 33-42 of the Montgomery County Code. It will increase the pension amount for Group G members by applying 5% of average final earnings for each year of credited service received for accumulated sick leave subject to the appropriate reduction amount.

This amendment is the result of a collectively bargained side letter signed by the parties on February 15, 2021, and discussed at the Council's April 27, 2021, worksession on the collective bargaining agreement with the International Association of Fire Fighters (IAFF). Per the side letter, the County agreed to submit the legislation to Council no later than June 30, 2022.

If you have any questions, please contact Jennifer Harling, Chief Labor Relations Officer, Office of Labor Relations, at 202-570-1501.

Enclosures

Bill No. \_\_\_\_\_ [Click - type number]  
Concerning: Personnel and Human  
Resources – Amount of Pension at  
Normal Retirement Date or Early  
Retirement Date - Revision  
Revised: \_\_\_\_\_ [date] Draft No. [#]  
Introduced: \_\_\_\_\_ [date]  
Expires: \_\_\_\_\_ [18 mos. after intro]  
Enacted: \_\_\_\_\_ [date]  
Executive: \_\_\_\_\_ [date signed]  
Effective: \_\_\_\_\_ [date takes effect]  
Sunset Date: \_\_\_\_\_ [date expires]  
Ch. [#], Laws of Mont. Co. \_\_\_\_\_ [year]

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

---

By: Council President at the Request of the County Executive

---

**AN ACT** to:

- (1) Increase the pension amount for Group G members by applying 5% of average final earnings for each year of credited service received for accumulated sick leave subject to the appropriate reduction amount and;
- (2) generally revise County law regarding pension at retirement.

By amending

Montgomery County Code  
Chapter 33, Personnel and Human Resources  
Section 33-42

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

**Sec. 1. Section 33-42 is amended as follows:**

2 33-42. Amount of pension at normal retirement date or early retirement date.

3 \* \* \*

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

5 \* \* \*

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

7 \* \* \*

(E) The County must compute the annual pension of a Group G member in the integrated retirement plan who retires on a normal retirement as follows:

(i) from the date of retirement to the month that the member reaches Social Security retirement age, the following percentages of average final earnings apply:

15 (a) 2 ½ percent, for each of the first 20 years of  
16 credited service;

17 (b) 2 percent, for each year of credited service of  
18 more than 20 years to a maximum of 31 years,  
19 plus sick leave credits;

20 (c) 5 percent for each year of credited service  
21 received for accumulated sick leave; and

22 (d) 0 percent for years after year 31 (except sick  
23 leave credits referred to in subclause (c)); and

24 (ii) from the month the member reaches Social Security  
25 retirement age, the percentages specified in clause (i)  
26 must be reduced, respectively, by the following  
27 percentages of average final earnings for the portion  
28 of any amount equal to or less than the Social  
29 Security maximum covered compensation in effect  
30 on the date of retirement:

31 (a) 0.78125 percent, for each of the first 20 years  
32 of credited service; and

33 (b) 0.625 percent for each year of credited service  
34 of more than 20 years, to a maximum of 31  
35 years, plus sick leave credits; and

36 (c) 1.5625 percent, for each year of credited  
37 service received for accumulated sick leave.

38 \* \* \*

39 *Approved:*

---

40 Gabriel Albornoz, President, County Council

41 Date

42 *Approved:*

---

43 Marc Elrich, County Executive

Date

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

45

---

Judy Rupp, Clerk of the Council

Date

Approved as to Form and Legality:

---



Edward E. Haenftling, Jr.

---

June 30, 2022

Date

Bill No. \_\_\_\_\_ [Click - type number]  
Concerning: Personnel and Human  
Resources – Amount of Pension at  
Normal Retirement Date or Early  
Retirement Date - Revision  
Revised: [date] Draft No. [#]  
Introduced: [date]  
Expires: [18 mos. after intro]  
Enacted: [date]  
Executive: [date signed]  
Effective: [date takes effect]  
Sunset Date: [date expires]  
Ch. [#], Laws of Mont. Co. [year]

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

---

By: Council President at the Request of the County Executive

---

**AN ACT** to:

- (1) Increase the pension amount for Group G members by applying 5% of average final earnings for each year of credited service received for accumulated sick leave subject to the appropriate reduction amount and;
- (2) generally revise County law regarding pension at retirement.

By amending

Montgomery County Code  
Chapter 33, Personnel and Human Resources  
Section 33-42

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

**Sec. 1. Section 33-42 is amended as follows:**

2 33-42. Amount of pension at normal retirement date or early retirement date.

3 \* \* \*

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

5 \* \* \*

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

7 \* \* \*

(E) The County must compute the annual pension of a Group G member in the integrated retirement plan who retires on a normal retirement as follows:

(i) from the date of retirement to the month that the member reaches Social Security retirement age, the following percentages of average final earnings apply:

15 (a) 2 ½ percent, for each of the first 20 years of  
16 credited service;

17 (b) 2 percent, for each year of credited service of  
18 more than 20 years to a maximum of 31 years,  
19 plus sick leave credits; [and]

20 (c) 5 percent for each year of credited service  
21 received for accumulated sick leave; and

25 (ii) from the month the member reaches Social Security  
26 retirement age, the percentages specified in clause (i)  
27 must be reduced, respectively, by the following  
28 percentages of average final earnings for the portion  
29 of any amount equal to or less than the Social  
30 Security maximum covered compensation in effect  
31 on the date of retirement:

32 (a) 0.78125 percent, for each of the first 20 years  
33 of credited service; and

34 (b) 0.625 percent for each year of credited service  
35 of more than 20 years, to a maximum of 31  
36 years, plus sick leave credits[.]; and

37 (c) 1.5625 percent, for each year of credited  
38 service received for accumulated sick leave.

39 \* \* \*

40      *Approved:*

Gabriel Albornoz, President, County Council

Date

43 *Approved:*

44

---

Marc Elrich, County Executive Date

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

46

---

Judy Rupp, Clerk of the Council Date

Approved as to Form and Legality:



Edward E. Haenftling, Jr.

---

June 30, 2022

Date