



**Committee:** GO  
**Committee Review:** Completed  
**Staff:** Craig Howard, Deputy Director  
Aron Trombka, Senior Legislative Analyst, OLO  
**Purpose:** To make preliminary decisions – straw vote expected

AGENDA ITEM #9  
April 25, 2023  
**Worksession**

## SUBJECT

FY24 Compensation and Benefits for All Agencies

## EXPECTED ATTENDEES

- Jennifer Harling, Chief Labor Relations Officer
- Jennifer Bryant, Director, Office of Management and Budget
- Trace Anderson, Director, Office of Human Resources
- Josh Watters, Office of Management and Budget
- Corey Orlosky, Office of Management and Budget

## DESCRIPTION

As discussed during the April 11 [operating budget overview](#) presentation, proposed FY24 compensation cost increases for County Government (both FY23 annualized costs of \$41.6 million and FY24 enhancements of \$51.6 million) are one of the primary building blocks of the Executive's recommended tax supported budget along with the net increase in County Government programs and services (\$82.3 million) and the increased local contribution to MCPS (\$223.3 million).

Based on the timing requirements for the collective bargaining process in County law, compensation is also the first significant decision point for the Council in the FY24 budget process. The Council's review will focus on the proposed FY24 enhancements as reviewed and recommended by the GO Committee (the FY23 annualizations are required based on the previous Council's budget decisions).

**Relationship between compensation decisions and the Aggregate Operating Budget (AOB).** In February, the Council adopted an AOB ceiling of \$5,686.1 million, an increase of \$120.1 million over the FY23 approved AOB. The Executive recommends an FY24 AOB of \$6,049.7 million, or \$363.6 million above the Council's AOB ceiling. It will require eight votes for the Council to approve a budget in May that exceeds the \$5,686.1 million AOB ceiling.

The total tax supported cost of compensation increases (FY23 annualizations and FY24 enhancements) in the Executive's recommended budget is \$93.2 million. If the Council supports the total proposed by the Executive, those costs will account for 77.6% of the \$120.1 million in FY24 "budget room" before the AOB ceiling is exceeded. As a result, the Council would need to make significant reductions to the Executive's recommendations for County program budgets and agency budgets if it does want to exceed the AOB ceiling.

## COMMITTEE RECOMMENDATIONS

The Government Operations and Fiscal Policy Committee met on April 14 and April 19 to discuss compensation and benefits for all agencies and made the recommendations listed below. Formal decisions on compensation and benefit provisions in the negotiated collective bargaining agreements for represented County Government employees will be made as part of agenda item #10. Final decisions on pay and benefit adjustments for other County agencies will be made by their respective governing bodies.

Prior to reviewing the GO Committee's recommendations, Council staff will provide an overview of the FY24 compensation and benefit enhancements in the Executive's FY24 recommended budget.

### **A. FY24 Pay Adjustments Outside of the Collective Bargaining Agreements: GO recommends 3-0**

1. Support the Executive's proposed funding for FY24 pay adjustments for the following employee groups: non-represented, Management Leadership Services, Fire Management, and Police Leadership Service.
2. Support providing the same retiree vision benefits to non-represented employees as recommended for MCGEO and IAFF employees. The Executive's recommended FY24 budget includes sufficient funding for this change.
3. Maintain language in the budget resolution (added for the first time in FY22) specifying that Council approval is required for the provision of general emergency or hazard pay for more than 10 consecutive days and for any provision of COVID-19 hazard pay.

### **B. FY24 Group Insurance: GO recommends 3-0**

1. **Active employees.** Support the agencies' FY24 tax supported requests for active employee group insurance costs and the FY24 projection for the County Government's Employee Health Benefits Self Insurance Fund. For County Government, formal action on these costs occurs when the Council approves each department's budget.
2. **Retiree pay-as-you-go.** Support the agencies' FY24 tax supported requests for retiree pay-as-you-go costs. For County Government, approve the recommended funding on \$51,438,503 for the Group Insurance for Retirees NDA.
3. **OPEB pre-funding.** Support the Executive's recommended FY24 OPEB pre-funding and approve the recommended funding in the Consolidated Retiree Health Benefit Trust – College NDA (\$0), the Consolidated Retiree Health Benefits Trust – MCPS NDA (\$62,251,472), and Retiree Health Benefits Trust NDA (\$0). For County Government, the Committee may need to revisit the recommended pre-funding level based on final decisions related to an updated OPEB funding policy.

### **C. FY24 Allocations for Retirement: GO recommends 3-0**

1. Approve the recommended FY24 County contributions for the County Government Employee Retirement System, Retirement Savings Plan, Guaranteed Retirement Income Plan.

2. Approve the recommended FY24 administrative and operating budgets of the Employee Retirement System, Retirement Savings Plan, Guaranteed Retirement Income Plan, Deferred Compensation Plan, and Consolidated Retiree Health Benefits Trust.
3. Continue to monitor the funded ratio of the agencies' pension funds.

**D. FY24 County Government Compensation-Related NDAs: GO recommends 3-0**

1. Approve the Executive’s recommended funding for the Montgomery County Employee Retirement Plans (\$0), State Positions Supplement (\$60,756), and State Retirement Contribution (\$0) NDAs.
2. Approve the Executive’s recommended funding for the Compensation and Employee Benefits Adjustments NDA (\$9,781,173). This NDA includes funding performance-based pay for MLS staff and lump-sum payments for PLS staff reviewed in Section 2.

**This report contains:**

Staff Report for April 19, 2023 GO Committee Worksession	Pages A1-A7
Staff Report for April 14, 2023 GO Committee Worksession	Pages B1-B33, ©1-97
Follow-Up Information from GO Worksessions	Pages C1-C4, ©98-109

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**MEMORANDUM**

April 17, 2023

**TO:** Government Operations and Fiscal Policy Committee

**FROM:** Craig Howard, Deputy Director  
Aron Trombka, Senior Legislative Analyst, OLO  
Christine Wellons, Senior Legislative Attorney

**SUBJECT: FY24 Compensation and Benefits for All Agencies and Collective Bargaining Agreements**

**PURPOSE:** Review and make recommendations for Council consideration

Following-up on the Committee's April 14 in-depth review and discussion of compensation and benefits for all agencies, the Committee will consider action on the following items:

- Collective Bargaining Agreements with MCGEP, FOP, and IAFF
- Compensation adjustments outside of the Collective Bargaining Agreements
- FY24 allocations for group insurance
- FY24 allocations for retirement
- FY24 compensation-related non-departmental accounts
- Additional budget resolution language

While the Committee's decisions include some elements related to compensation in the outside agencies (primarily for group insurance), final decision on most compensation elements will be made by their respective governing bodies based on the ultimate funding levels approved for the Council. Final decisions on M-NCPPC and WSSC pay adjustments will be made at the bi-county meeting with the Prince George's County Council.

Information responding to Councilmember requests at the worksession will be provided separately as an addendum once that information is available.

**1. Decisions on Collective Bargaining Agreements**

The following chart on pages 2-5 sets forth the Council's decision points regarding the MCGEO, FOP, and IAFF Collective Bargaining Agreements for FY24.



**General Wage Adjustments**

	<b>Agreement</b>	<b>Provision</b>	<b>FY24 Fiscal Impact</b>	<b>Annual Cost Beyond FY24</b>	<b>GO Committee Recommendation</b>
<b>1A1</b>	MCGEO GWA	3% GWA beginning in January 2024, and a 3% GWA beginning in June 2024	\$7,678,972	\$29,251,524	
<b>1A2</b>	MCGEO GWA Seasonal Employees	adjust the salary schedule and require a \$1.05 wage increase in July 2023	\$560,438	\$560,438	
<b>1A3</b>	MCGEO Salary Schedule	adjust Correctional Officer Salary Schedule	\$130,772	\$130,772	
<b>1B</b>	FOP GWA	4% GWA in July 2023; 3% GWA in January 2024; and 3.5% GWA in July 2024.	\$6,696,703	\$8,929,607	
<b>1C1</b>	IAFF GWA	3.2% GWA in July 2023	\$3,622,465	\$3,767,083	
<b>1C2</b>	IAFF Salary Schedule	elimination of 2 lowest grades; addition of a new highest grade	\$3,412,656	\$4,158,907	

**Service Increments**

	<b>Agreement</b>	<b>Provision</b>	<b>FY24 Fiscal Impact</b>	<b>Annual Cost Beyond FY24</b>	<b>GO Committee Recommendation</b>
<b>2A1</b>	MCGEO	3.5% on anniversary date	\$4,906,891	\$9,705,858	
<b>2A2</b>	MCGEO	3.5% service increment for members who would have been eligible to receive a service increment in FY12	\$546,957	\$546,957	
<b>2B</b>	FOP	3.5% on anniversary date	\$953,829	\$1,611,355	
<b>2C1</b>	IAFF	3.5% on anniversary date	\$874,175	\$1,657,461	
<b>2C2</b>	IAFF	3.5% service increment for members who would have been eligible to receive a service increment in FY13	\$326,617	\$326,617	

**Longevity Increments**

	<b>Agreement</b>	<b>Provision</b>	<b>FY24 Fiscal Impact</b>	<b>Annual Cost Beyond FY24</b>	<b>GO Committee Recommendation</b>
<b>3A</b>	MCGEO	3.25% for eligible employees on the OPT/SLT salary schedules at 16, 20, and 25 years; and 3.5% for employees on the Correctional Officers or Deputy Sheriff Uniform Salary Schedule at 16, 20, and 25 years of service	\$4,056,783	\$4,526,889	
<b>3B</b>	FOP	3.5% for eligible members at 15, 17, and 20 years	\$85,046	\$262,668	
<b>3C</b>	IAFF	3.5% for eligible members at 17, 20, and 24 years	\$114,564	\$332,369	

**Group Insurance Benefits / Other Benefits**

	<b>Agreement</b>	<b>Provision</b>	<b>FY24 Fiscal Impact</b>	<b>Annual Cost Beyond FY24</b>	<b>GO Committee Recommendation</b>
<b>4A</b>	MCGEO	Retiree vision insurance	\$87,756	\$87,756	
<b>4C</b>	IAFF	Retiree vision insurance	\$36,228	\$36,228	

**Increases in Special Pay**

	<b>Agreement</b>	<b>Provision</b>	<b>FY24 Fiscal Impact</b>	<b>Annual Cost Beyond FY24</b>	<b>GO Committee Recommendation</b>
<b>5A1</b>	MCGEO - shift differentials	increase the shift differential that applies to work shifts beginning on or after 8:00 p.m. and before 5:59 a.m. from \$1.42 to \$1.55 per hour; and increase the shift differential that applies to work shifts beginning on or after 8:00 p.m. and before 5:59 a.m. from \$1.87 to \$2.00 per hour	\$601,956	\$601,956	
<b>5A2</b>	MCGEO - multilingual pay	increase multilingual pay by \$1.00 per hour for employees who successfully complete multilingual recertification	\$812,873	\$1,069,746	
<b>5A3</b>	MCGEO - training pay differential	increase from \$3.25 to \$4.25 per hour the training pay differential for certain employees who are assigned to train other employees	\$44,651	\$44,651	
<b>5A4</b>	MCGEO - meal allowance	increase the permissible meal allowance from \$10 to \$17	\$2,000	\$2,000	
<b>5A5</b>	MCGEO - transit subsidy	increase from \$265 to \$285 per month the subsidy for public transportation, commuter raid, or van pools through the County Get-In Program	\$24,000	\$24,000	
<b>5A6</b>	MCGEO - holiday pay	adjust holiday pay for eligible part-time employees	\$259,351	\$259,351	
<b>5A7</b>	MCGEO - charge nurse differential	increase the hourly differential for DOCR nurses identified as charge nurses from \$1.75 to \$2.75	\$18,860	\$18,860	
<b>5A8</b>	MCGEO – DOCR emergency response	increase from \$1,200 to \$1,800 the annual stipend provided to emergency response team members; and provide an annual stipend of \$1,200 to critical incident support members	\$34,233	\$34,233	
<b>5A9</b>	MCGEO – HHS community service aides	provide eligible Community Service Aides with a \$1,500 yearly stipend	\$16,148	\$16,148	
<b>5A10</b>	MCGEO – Police	increase the amount that an employee could be reimbursed if they must cancel travel to meet staffing needs	indeterminate	indeterminate	
<b>5A11</b>	MCGEO – Police	overtime pay when an employee is required to work during pre-scheduled leave	indeterminate	Indeterminate	
<b>5B1</b>	FOP	lump sum payment of \$1,500 for the first full pay period following January 1, 2024	\$1,634,874	\$0	

<b>5B2</b>	FOP	\$20,000 signing bonuses for certain new recruits and lateral candidates	\$408,000	\$938,400	
<b>5B3</b>	FOP	increase from \$1.42 to \$2.00 the shift differential that applies to work shifts starting on or after 12:00 p.m. and before 7:59 p.m.; and increase from \$1.87 to \$4.25 the shift differential that applies to work shifts starting on or after 8:00 p.m. and before 5:59 a.m.	\$1,309,791	\$1,309,791	
<b>5B4</b>	FOP	multilingual pay at \$1.00 per hour for recertified multilingual employees	\$205,633	\$357,266	
<b>5B5</b>	FOP	provide temporary duty pay to an individual temporarily assigned to a higher classified job for more than one week; currently the individual would need to work at the higher classification for more than two weeks to qualify for the temporary duty pay	indeterminate	Indeterminate	

**Increases in clothing, equipment, vehicle use, and transit subsidy**

	<b>Provision</b>	<b>Agreement</b>	<b>FY24 Fiscal Impact</b>	<b>Annual Cost Beyond FY24</b>	<b>GO Committee Recommendation</b>
<b>6A1</b>	MCGEO – Sheriff’s Office	increase clothing allowance from \$1,388 to \$1,450	\$16,800	\$16,800	
<b>6A2</b>	MCGEO – Sheriff’s Office	Increase boot allowance for non-uniformed members	\$3,750	\$3,750	
<b>6A3</b>	MCGEO – Sheriff’s Office	lump sum fitness incentive payments ranging between \$350 and \$600	\$38,350	\$38,350	
<b>6A4</b>	MCGEO – Sheriff’s Office	20 additional vehicles	\$1,200,000	\$1,200,000 in FY25 and FY26 for additional 20 vehicles per year	
<b>6A5</b>	MCGEO – DOT	Boot reimbursements	\$5,000	\$5,000	
<b>6A6</b>	MCGEO – Police	Shoe/boot allowance for crossing guards and crime lab employees	\$31,000	\$31,000	
<b>6A7</b>	MCGEO - DOCR	Shoe reimbursements	\$1,750	\$1,750	
<b>6B1</b>	FOP	polo shirts, long sleeves uniform shirts, and high-visibility jackets	\$675,151	-\$48,976	
<b>6B2</b>	FOP	expand the use of personal patrol vehicles (“PPVs”) to within 10 miles of the County’s border; currently, the limit is within 5 miles of the County’s border	\$944,362	\$944,362	
<b>6B3</b>	FOP	“ghost graphic” centralized traffic vehicles	\$116,800	\$0	

### Retirement Plan Increases

For the retirement plan increases, the Committee’s decision is to approve or reject the anticipated fiscal impact for FY24 based on the legislation submitted by the Executive. Final decisions on each retirement plan enhancement will be made via the legislative process. The intent to approve FY24 funding does not obligate the Council to adopt the legislation as submitted by the Executive. The Council’s final actions on the legislation could lead to a higher or lower fiscal impact in FY24.

	Provision	Agreement	FY24 Impact	Annual Cost Beyond FY24	GO Committee Recommendation
<b>8A1</b>	MCGEO	Contingent upon legislation, increase pension multipliers	\$1,279,163	\$1,993,853	
<b>8A2</b>	MCGEO	Contingent upon legislation, expand pension membership eligibility to emergency communications personnel	\$157,397		
<b>8A3</b>	MCGEO	Contingent upon legislation, provide credited service adjustments for military service	\$134,758		\$134,758
<b>8A4</b>	MCGEO	Contingent upon legislation, alter disability benefits for retirees	\$0	According to the actuarial report, expected annual costs would be \$857,000 higher than under the current plan.	
<b>8B</b>	FOP	Contingent upon legislation, increase the social security integration age for FOP retirees	\$1,220,578	\$4,189,887	
<b>8C</b>	IAFF	Contingent upon legislation, increase pension multipliers and COLA for retirees	\$1,995,524	\$3,244,683	

### Leave Policies

	Agreement	Provision	FY24 Fiscal Impact	Annual Cost Beyond FY24	GO Committee Recommendation
<b>7B1</b>	FOP	Increase administrative leave for bereavement from 3 workdays to 40 hours	indeterminate	indeterminate	
<b>7B2</b>	FOP	Provide administrative leave whenever a member is relieved from police powers pending investigation or removal; currently, the member must be relieved from police powers for more than 90 days to qualify for the administrative leave	indeterminate	indeterminate	

### Tuition

	Agreement	Provision	FY24 Impact	Annual Cost Beyond FY24	GO Committee Recommendation
<b>9C</b>	IAFF	Tuition assistance for IAFF members	\$65,000	\$65,000	

## 2. Compensation Adjustments Outside of the Collective Bargaining Agreements

The Executive recommends the following pay adjustments for non-represented employees in FY24, many of which mirror the Executive’s recommended adjustments for the bargaining units.

Employee Group	GWA	Service Increment	Longevity Increment	Alignment
<b>Non-Represented</b>	3.0% (Jan. 2024) 3.0% (June 2024)	3.5%	3.5% at 16 and 20 years of service	• GWA and service increment align with MCGEO
<b>MLS</b>	3.0% (Jan. 2024) 3.0% (June 2024)	Performance-based pay	None	• GWA aligns with MCGEO
<b>Fire Management</b>	3.2% (July 2023)	3.5%	3.5% at 17, 20, and 24 years of service	• GWA, service increment, and longevity align with IAFF
<b>PLS</b>	4.0% (July 2023) 3.0% (Jan. 2024)	\$1,500 lump sum payment	None	• GWA aligns with FOP

**Council staff recommends that the Committee’s decisions for non-represented employee align with the decisions made on the collective bargaining agreements.** Additionally, if the Committee recommends approval of the retiree vision for MCGEO and IAFF, Council staff recommends that these same benefits are passed through to non-represented employees. This would create an additional cost for FY24 that would need to go on the reconciliation list

## 3. FY24 Allocations for Group Insurance

Council staff recommends the following:

- **Active employees.** Support the agencies' FY24 tax supported requests for active employee group insurance costs and the FY24 projection for the County Government's Employee Health Benefits Self Insurance Fund. For County Government, formal action on these costs occurs when the Council approves each department’s budget.
- **Retiree pay-as-you-go.** Support the agencies’ FY24 tax supported requests for retiree pay-as-you-go costs. For County Government, approve the recommended funding on \$51,438,503 for the Group Insurance for Retirees NDA.
- **OPEB pre-funding.** Support the Executive’s recommended FY24 OPEB pre-funding and approve the recommended funding in the Consolidated Retiree Health Benefit Trust – College NDA (\$0), the Consolidated Retiree Health Benefits Trust – MCPS NDA (\$62,251,472), and Retiree Health Benefits Trust NDA (\$0). For County Government, the Committee may need to revisit the recommended pre-funding level based on final decisions related to an updated OPEB funding policy.

#### **4. FY24 Allocations for Retirement**

Council staff recommends the following:

- Approve the recommended FY24 County contributions for the County Government Employee Retirement System, Retirement Savings Plan, Guaranteed Retirement Income Plan.
- Approve the recommended FY24 administrative and operating budgets of the Employee Retirement System, Retirement Savings Plan, Guaranteed Retirement Income Plan, Deferred Compensation Plan, and Consolidated Retiree Health Benefits Trust.
- Continue to monitor the funded ratio of the agencies' pension funds.

#### **5. FY24 County Government Compensation-Related NDAs**

Council staff recommends the following:

- Approve the Executive's recommended funding for the Montgomery County Employee Retirement Plans (\$0), State Positions Supplement (\$60,756), and State Retirement Contribution (\$0) NDAs.
- Approve the Executive's recommended funding for the Compensation and Employee Benefits Adjustments NDA (\$9,781,173). This NDA includes funding performance-based pay for MLS staff and lump-sum payments for PLS staff reviewed in Section 2.

#### **6. Additional Budget Resolution Language**

Council staff recommends the following:

- Maintain language in the budget resolution (added for the first time in FY22) specifying that Council approval is required for the provision of general emergency or hazard pay for more than 10 consecutive days and for any provision of COVID-19 hazard pay.

**MEMORANDUM**

April 11, 2023

TO: Government Operations and Fiscal Policy Committee

FROM: Craig Howard, Deputy Director  
Aron Trombka, Senior Legislative Analyst, OLO

SUBJECT: **FY24 Compensation and Benefits for All Agencies**

PURPOSE: Review and make recommendations for Council consideration

**1. BUDGET AND COMPENSATION CONTEXT**

The Executive’s FY24 recommended tax supported operating budget is \$5.974 billion, an increase of 8.7% above the FY23 amount. Across the four County-funded agencies, employee compensation costs (consisting of salaries as well as benefits) comprise about 70% of all agency expenditures. As such, the cost of government is driven by both the number of employees and the cost per employee. **County-funded agencies have requested tax supported FY24 operating budgets with a combined \$4.2 billion for compensation, a 9.0% increase from FY23.**

**FY23 Approved and FY24 Requested Tax Supported Compensation Costs by Agency**

Agency	FY23 Approved	FY24 Requested
County Government	\$1,130,658,099	\$1,215,939,214
MCPS	\$2,356,037,643	\$2,603,142,127
Montgomery College	\$220,519,703	\$221,722,007
M-NCPPC	\$134,438,084	\$146,924,077
<b>Totals</b>	<b>\$3,841,653,529</b>	<b>\$4,187,727,425</b>

For County Government, the Council will review and make decisions on the proposed collective bargaining agreements and other compensation costs not part of the agreements. For MCPS, Montgomery College, and M-NCPPC, final decisions on proposed FY24 pay and benefit enhancements will be made by their respective governing bodies based on the ultimate funding levels approved by the Council.

## 2. PAY ADJUSTMENTS

This section provides an overview of agency requested FY24 pay adjustments. Detailed information comparing FY23 approved and FY24 requested compensation costs by agency appears on ©19-30.

### A. County Government

For FY24, the Executive negotiated pay increases with each bargaining unit. The table on the following page summarizes the major pay adjustments recommended by the Executive for FY24. The package of recommended pay adjustments included general wage adjustments (GWA), service increments, salary schedule adjustments, past year increments, longevity increments, lump sum payments, and other miscellaneous pay increases.

Based on the general wage adjustments, service increments, salary schedule adjustments, past year increments, longevity increments, and lump sum payments recommended by the Executive, County Government employees would receive cumulative FY24 pay increases ranging between:

- 6.0% and 13.0% for MCGEO members.
- 9.9% and 13.4% for IAFF members (based on average salary).<sup>1</sup>
- 7.0% and 10.5% for FOP members excluding the \$1,500 lump sum payment.
- 6.0% and 9.5% for non-represented employees (excluding MLS/PLS members).

Employees at top of their salary grade would receive pay increases at the low end of the above ranges. Employees eligible a longevity increment or a past year increment would receive pay increases at the top end of the ranges. Overall, the majority of County Government employees would qualify for a pay increase near 10% under the Executive's recommended budget.

Proposed County Government salary schedules appear on ©31-45. Information on past year pay increases received by County Government employees is attached at ©46.

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<sup>1</sup> The IAFF calculation includes the effect of the recommended salary schedule adjustment which would raise the average IAFF salary by 6.9%.



**Summary of Major Executive Recommended  
FY24 County Government Pay Increases**

Employee Group	General Wage Adjustment	Service Increment	Salary Schedule Adjustment	Past Year Service Increment	Longevity Increment	Lump Sum Payment
<b>MCGEO</b>	3.0% (Jan. 2024) + 3.0% (June 2024)	3.5% (effective employee anniversary date)	Yes, for Correctional Officers III at top of grade	3.5% for employees who did not receive an increment in FY12 (Jan. 2024)	3.5% at 16, 20, and 25 years of service (addition of new longevity step)	None
<b>IAFF</b>	3.2% (July 2023)		Yes (equivalent to 6.9% of average salary)	3.5% for employees who did not receive an increment in FY13 (July 2023)	3.5% at 17, 20 and 24 years of service	None
<b>FOP</b>	4.0% (July 2023) + 3.0% (Jan. 2024)		No	None	3.5% at 15, 17, and 20 years of service	\$1,500 (excluding new hires eligible for recruitment bonus)
<b>Non-Represented</b>	3.0% (Jan. 2024) + 3.0% (June 2024)		No	None	3.25% at 16, 20 years of service <sup>2</sup>	None
<b>MLS</b>		Performance-based pay	No	None	None	None
<b>PLS</b>	4.0% (July 2023) + 3.0% (Jan. 2024)	None	No	None	None	\$1,500

<sup>2</sup> Non-represented employees must receive performance ratings of “exceptional” or “highly successful” for the two most recent years to be eligible for a longevity increase.

## 1. General Wage Adjustments

The Executive recommends general wage adjustments (GWAs) that vary by employee group, as follows:

**MCGEO Members, Non-Represented Employees.**<sup>3</sup> The Executive recommends that MCGEO members and non-represented employees receive two GWAs in FY24, a first of 3.0% in January 2024 followed by a second of 3.0% in June 2024. In FY23 both MCGEO members and non-represented employees received a flat \$4,333 per employee GWA. The FY23 GWA equated to a 5.8% salary increase based on the average MCGEO salary and a 3.8% increase based on the average non-represented salary. In addition, as noted below, the Executive recommends a salary schedule adjustment for Correctional Officers III who currently at the top of their salary grade.

**IAFF Members and Fire and Rescue Management.** The Executive recommends that IAFF members as well as Fire and Rescue Management receive a FY24 GWA of 3.2% in July 2023. In FY23, IAFF members received two GWAs totaling to 5.0%. As described below, the Executive further recommends a salary schedule adjustment that is the equivalent of a 6.9% base salary increase for most IAFF members.

**FOP Members and Police Leadership Service (PLS).** The Executive recommends that FOP members as well as PLS employees receive two GWAs in FY23, a first GWA members of 4.0% (effective July 2023) followed by a second of an additional 3.0% (effective January 2024). In FY23, FOP members received two GWAs totaling to 6.5%.

**GWAs and Inflation.** As shown in the table below, the FY24 GWAs proposed by the Executive are greater than most GWAs during the past decade.

County Government General Wage Adjustments by Employee Group, FY14 – FY24											
Employee Group	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24 CE Rec.*
MCGEO	3.25%	3.25%	2.00%	1.00%	2.00%	2.00%	2.25%	1.50%	2.40% <sup>4</sup>	5.80% <sup>5</sup>	6.00%
IAFF	2.75%	2.75%	2.00%	1.00%	2.00%	2.00%	2.40%	1.50%	1.50%	5.00%	3.20%
FOP	2.10%	2.10%	2.00%	1.00%	2.00%	2.00%	0.00%	1.50%	2.50%	6.50%	7.00%

\*Excludes increases from salary schedule adjustments and lump-sum payments.

<sup>3</sup> Non-represented employees include elected and appointed officials, members of the Management Leadership Service, non-merit employees, an employee who provides direct support to a department director, and all employees of the Office of the County Executive, County Council, Office of the County Attorney, Office of Management and Budget, Office of Intergovernmental Relations, Office of Human Resources, Merit System Protection Board, and Ethics Commission. Police Leadership Service (PLS) employees are not represented by a bargaining unit; however, the Executive recommends providing PLS employees with the same GWA as FOP members.

<sup>4</sup> The FY22 GWA for MCGEO members was a flat \$1,684 per employee, the equivalent of a 2.40% pay increase for the average MCGEO member employee in that year.

<sup>5</sup> The FY22 GWA for MCGEO members was a flat \$4,333 per employee, the equivalent of a 5.80% pay increase for the average MCGEO member employee in that year.

Staff requested the Executive provide justification for the recommended GWAs. The Executive responded:

*The GWAs for MCGEO, FOP, and non-represented employees had their effective dates split to provide competitive increases over the course of the year while recognizing the budget-year impact of the timing of FY23 GWAs. These GWAs are critical for recruitment and retention.*

At the time the Executive submitted his recommended operating budget, the Consumer Price Index (CPI) for the Washington DC region, showed that prices had increased by 4.4% for the 12-month period ending January 2023.<sup>6</sup> For the two-year period ending January 2023, the regional CPI sums to 10.4%.

Staff notes that, historically, there has been minimal correlation between the rate of inflation and rate of GWAs awarded to County Government employees. In most recent years, employee GWAs well exceed the CPI for the previous year. From FY14-FY23, the Consumer Price Index (CPI) averaged about 2.0% annually.<sup>7</sup> The average annual GWA for MCGEO, IAFF, and FOP members was 2.5%, 2.3%, and 2.2%, respectively, over the same time period. This difference produced sustained wage growth that exceeded the rate of inflation. From FY14-FY23, the compounded rate of GWA growth for the MCGEO, IAFF, and FOP members was 28.5%, 25.3%, and 23.8%, respectively (excluding other pay increases such as service increments and salary schedule adjustments). Over the same decade, the compounded CPI increased by a rate of 21.5%.

## **2. Service Increments**

The Executive recommends that all County Government merit system employees (excluding Management Leadership Service and Police Leadership Service employees) who are not at top of grade receive a 3.5% service increment (also known as a step increase) in FY24. An employee receives the service increment in the first pay period following their employment anniversary date.

## **3. Past Year Service Increments**

The Council did not fund service increments for any County employees in FY11, FY12, and FY13 because of fiscal constraints. In his FY24 budget, the Executive recommends providing a 3.5% service increment from MCGEO members who were employed by the County Government in FY12 but did not receive a service increment that year. In addition, the Executive's budget includes funding for a 3.5% service increment for IAFF members who were employed by the County Government in FY13 but did not receive a service increment that year. The table on the next page summarizes the past year service increments approved (or rejected, as indicated) by employee group.

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<sup>6</sup> Source: U.S. Bureau of Labor Statistics, <https://www.bls.gov/regions/mid-atlantic/data/xg-tables/ro3xg01.htm>.

<sup>7</sup> Source: County Executive's Recommended Operating Budget, Schedules F-1, FY13 through FY22.

### Past Year Service Increments

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
<b>MCGEO</b>	--	--	--	3.5% rejected	--	--	1.0%	1.25% rejected	1.25%	1.25%
<b>IAFF</b>	3.5%	3.5%	--	--	--	--	--	--	--	--
<b>FOP</b>	1.75%	1.75%	--	3.5% rejected	--	\$1,000 lump sum	3.5%	--	--	--
<b>Non-Rep.</b>	--	--	--	--	--	--	--	--	--	--

The Executive provided the following justification for the recommended MCGEO and IAFF past year increments:

*This increment has been determined to be “postponed”, and this agreement has determined that it has been postponed long enough.*

Staff notes that the Executive’s determination that the FY11-FY13 service increments were “postponed” was unilateral. The Council’s budget resolutions for [FY11](#), [FY12](#), and [FY13](#) specify that the service increments were rejected or not funded. The resolutions do not mention postponement nor deferral of the increments.

#### 4. MLS/PLS 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. Since MLS/PLS employees are non-represented, performance-based pay is not included in any collective bargaining agreement. The Executive’s recommended FY24 operating budget includes \$2.5 million (\$1.5 million tax supported) in the Compensation Adjustment and Employee Benefits non-departmental account to fund performance-based pay increases for MLS employees and lump sum payments for PLS employees. As recommended by the Executive, PLS employees would not be eligible for performance-based pay in FY24 but would receive a \$1,500 lump sum payment as provided to FOP members.

#### 5. Salary Schedule Adjustments

Among the Executive’s compensation recommendations are “salary schedule adjustments” for two groups of employees, Correctional Officers III and Firefighters. A salary schedule adjustment modifies the base annual salary for one or more steps and for one or more job classes.

At present, the salary schedule for Correctional Officers III includes 14 steps (as well as longevity increments after 20 and 24 years of service). The negotiated agreement with MCGEO would add a 15<sup>th</sup> step to the Correctional Officers III salary schedule, representing about a 3.3% salary increase for eligible employees. The Executive provided the following justification for this salary schedule adjustment:

*This salary schedule adjustment corrected a long-standing inequity between the Correctional Officers and Deputy Sheriffs salary schedules; at the COIII/DSIII level, COIIIs had one fewer step (14 vs 15), and this adjustment provides equity at that level.*

Currently, the Firefighter salary schedule includes 15 steps for each job class (rank), lettered A through O. The agreement the Executive negotiated with the IAFF would remove steps A and B, and re-letter remaining steps to A through M. The result of this adjustment would be to affect a two-step salary increase for employees currently on steps A through M and a one-step increase for employees currently on step N. New Firefighters in FY24 would join at a level two steps higher than the current entry level salary. OMB estimates that this adjustment would raise the average Firefighter salary by \$6,448, or 6.9%. For Firefighters not at the top of their grade, the salary adjustment would produce the equivalent of two additional service increments in FY24. The Executive provided the following justification for the IAFF salary schedule adjustment:

*This adjustment hit on a recruitment and retention issue within FRS, allowing the schedule to address comparability issues at the beginning of the schedule that were different from the end of the schedule.*

## 6. Longevity Increments

Certain County Government employees who have worked a specified number of years are eligible for a longevity adjustment to their base pay. Longevity increases afford a pay increase to employees who otherwise are at the maximum salary level for their grade. The table below shows the current structure for longevity increments by employee group along with the Executive’s proposed changes for FY24.

**Executive Recommended FY24 Longevity Adjustments**  
(YOS = years of service)

Employee Group	Current			CE Recommended		
	First Longevity Increment	Second Longevity Increment	Third Longevity Increment	First Longevity Increment	Second Longevity Increment	Third Longevity Increment
MCGEO (public safety)	3.5% at 20 YOS	2.5% at 24 YOS	None	3.5% at 16 YOS	3.5% at 20 YOS	3.5% at 25YOS
MCGEO (non-public safety)	3.0% at 18 YOS	3.0% at 24 YOS	None	3.25% at 16 YOS	3.25% at 20 YOS	3.25% at 25 YOS
IAFF*	3.5% at 17 YOS	3.5% at 20 YOS	3.5% at 24 YOS	No change		
FOP*	3.5% at 15 YOS	3.5% at 17 YOS	3.5% at 20 YOS	No change		
Non-Represented (excl. MLS/PLS)**	2.0% at 20 YOS	None	None	3.25% at 16 YOS	3.25% at 20 YOS	None
MLS/PLS	None	None	None	No change		

\* Third IAFF and FOP longevity steps added in FY23

\*\*Non-represented employees must receive performance ratings of “exceptional” or “highly successful” for the two most recent years to be eligible for a longevity increase.

The Executive recommends modifying the longevity increment schedule and adding a third longevity adjustment for MCGEO members. At present, Correctional Officers and Deputy Sheriffs are eligible for longevity increases of 3.5% after 20 years of service and 2.5% after 24 years of service. As proposed by the Executive, starting in FY24, Correctional Officers and Deputy Sheriffs would be eligible for three longevity increases of 3.5% after 16, 20, and 25 years of service.

Currently, non-public safety MCGEO members are eligible for a longevity increase of 3.0% after 18 years of service and another 3.0% after 24 years of service. The negotiated agreement with MCGEO would adjust the non-public safety MCGEO members would be eligible for three longevity increases of 3.25% after 16, 20, and 25 years of service.

At present, non-represented employees (excluding MLS and PLS) are eligible for a single longevity step of 2.0% after 20 years of service. The Executive proposes offering two longevity steps of 3.25% after 16 and 20 years of service to non-represented employees.

Prior to the current fiscal year, IAFF members were eligible for longevity increases of 3.5% after 20 years of service and after 24 years of service. Beginning in FY23, IAFF members are eligible for longevity increases of 3.5% after 17, 20, and 24 years of service.

Prior to the current fiscal year, FOP members were eligible for longevity increases of 3.5% after 16 years of service and after 20 years of service. Beginning in FY23, FOP members are eligible for longevity increases of 3.5% after 15, 17, and 20 years of service.

Staff requested the Executive provide justification for the recommendation to adjust the longevity schedule and additional longevity increments for MCGEO members and non-represented employees. The Executive responded:

*The adjusted longevity schedule and additional (third) longevity step are critical retention tools, providing longevity equity with other schedules that already have three longevity steps.*

## **7. Lump Sum Payments**

The Executive's agreement with the FOP that includes a lump sum payment of \$1,500 for all Police Officers in FY24 (with the exception of new officers who would be eligible for a recruitment bonus, see below). As mentioned above, the Executive also recommends offering the \$1,500 lump sum payment for members of the Police Leadership Service (PLS). Lump sum payments are one-time costs and do not raise future year employee salaries. The Executive provide the following justification for the lump sum payments:

*This lump-sum payment is a retention effort for existing members ineligible for any recruitment bonus.*

## 8. Miscellaneous Pay and Benefit Adjustments

The negotiated collective bargaining agreements negotiated by the Executive include various miscellaneous pay adjustments and benefit enhancements. The MCGEO agreement includes:

- An increase in the pay differential for shifts that start between 2:00 pm and 5:00 am.
- An increase in the multilingual pay rate.
- An increase in field training pay.
- An increase in the seasonal employee wage scale.
- An increase in the meal allowance.
- An increase in holiday pay for part-time employees.
- Increased eligibility for DHHS Crisis Center \$1,500 annual stipend.
- Increased DOCR stipends.
- An increase in the transit subsidy.
- Enhanced pension benefits for Correctional Officers and Deputy Sheriffs (see Retirement Benefits section below).
- Addition of certain Emergency Communications Center job classes for participation in pension benefit (see Retirement Benefits section below).
- An adjusted payment date for long-term disability benefits for Retirement Savings Plan and Guaranteed Retirement Income Plan participants (see Retirement Benefits section below).
- Award of up to two years of credited pension service for military service without an employee contribution (see Retirement Benefits section below).
- Enhanced retiree vision benefit.<sup>8</sup>
- Increased clothing and boot allowances for Deputy Sheriffs and Correctional Officers.
- County payment for uniform alterations for bus operators, motor pool attendants and select other DOT employees.

The IAFF agreement includes:

- An increase in the maximum annual pension cost-of-living adjustment (see Retirement Benefits section below).
- An increase in the pension years of service (see Retirement Benefits section below).
- Enhanced retiree vision benefit.

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<sup>8</sup> The Executive's recommended budget does not include funding for an enhanced vision benefit for non-represented employees.

The FOP agreement includes:

- An increase in the pay differential for shifts that start between noon and 6:00 am.
- An increase in the multilingual pay rate.
- An adjustment to the pension Social Security integration age (see Retirement Benefits section below).
- County purchase of additional jackets and shirts for bargaining unit members.

### **9. Additional Public Safety Pay and Benefit Adjustments**

The collective bargaining agreements negotiated by the Executive also include pay and benefit provisions that relate to the operations of County public safety departments, including:

- The agreement with MCGEO requires the County to provide 20 additional vehicles for assignment to the Sheriff's Office.
- The agreement with the FOP would expand the allowable range for use of personal patrol vehicles (PPVs) to ten miles beyond the County's borders.
- The agreement with the FOP includes a recruitment and lateral entry bonus of \$20,000 (paid in four installments) for new hires.

Each of these items will also be discussed by the Public Safety Committee when it reviews the operating budgets for the Sheriff's Office and the Police Department.

### **10. Cost of Pay Adjustments**

As shown in the table on the next pages, the pay and benefit adjustments recommended by the Executive will have a combined FY24 cost of \$61.1 million (\$51.6 million tax supported).<sup>9</sup> These estimates include the salary and wage costs as well as salary-based benefit costs borne by the employer.<sup>10</sup> However, as many of the pay adjustments take effect midway or near the end of the fiscal year, the amount budgeted for FY24 does not reflect the full annualized cost (that is, the 12-month cost) of the Executive's recommendations. The annualized cost of the FY24 pay adjustments is \$100.4 million (\$79.8 million tax supported) and exceeds the FY24 cost by \$39.3 million (\$28.2 million tax supported). These costs will become part of the base budget in FY25 and all subsequent years. Future year annualized cost of the pay increases will have to be funded from on-going (as opposed to one-time) revenue sources.

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<sup>9</sup> Cost estimates include pay adjustments from bargained agreements, non-represented employee pass-through adjustments, and MLS/PLS performance-based pay.

<sup>10</sup> The estimates include the additional costs of all salary-based benefits included Social Security, Medicare, defined benefit retirement, and defined contribution retirement.



**Estimated Cost of Executive Recommended FY24 Pay and Benefit Adjustments**  
(collective bargaining agreements, non-represented pass-through,  
and MLS/PLS performance-based pay)

Recommended Pay / Benefit Adjustment	Total Cost		Tax Supported Cost	
	FY24 Budget	Annualized Cost	FY24 Budget	Annualized Cost
MCGEO GWAs (3.0% in Jan 2024 and 3.0% in June 2024)	\$7,678,972	\$29,251,524	\$5,490,381	\$20,914,518
IAFF GWA (3.2% in July 2023)	\$3,622,465	\$3,767,083	\$3,622,465	\$3,767,083
FOP GWAs (4.0% in July 2023 and 3.0% in Jan 2024)	\$6,696,703	\$8,929,607	\$6,696,703	\$8,929,607
Non-Rep GWAs (3.0% in Jan 2024 and 3.0% in June 2024) <sup>11</sup>	\$5,185,702	\$17,920,972	\$4,010,661	\$13,455,997
MCGEO Corr. Officer III Salary Schedule Adjustment	\$130,772	\$130,772	\$130,772	\$130,772
IAFF Salary Schedule Adjustment	\$3,412,656	\$4,158,907	\$3,412,656	\$4,158,907
MCGEO 3.5% Increment	\$4,906,891	\$9,705,858	\$3,508,373	\$6,939,582
FOP 3.5% Increment	\$953,829	\$1,611,355	\$953,829	\$1,611,355
IAFF 3.5% Increment	\$874,175	\$1,657,461	\$874,175	\$1,657,461
Non-Rep 3.5% Increment.	\$1,815,432	\$3,735,294	\$1,341,823	\$2,761,396
MCGEO FY12 Increment	\$546,957	\$546,957	\$391,068	\$391,068
IAFF FY13 Increment	\$326,617	\$326,617	\$326,617	\$326,617
MLS Performance-Based Pay	\$2,500,000	\$2,500,000	\$1,500,000	\$1,500,000
MCGEO Longevity Steps	\$4,056,783	\$4,526,889	\$2,900,555	\$3,236,676
FOP Longevity Steps	\$85,046	\$262,668	\$85,046	\$262,668
IAFF Longevity Steps	\$114,564	\$332,369	\$114,564	\$332,369
Non-Rep Longevity Step	\$3,207,670	\$3,376,838	\$2,368,098	\$2,492,987
FOP Recruitment Bonus	\$408,000	\$938,400	\$408,000	\$938,400
FOP \$1500 Lump Sum	\$1,631,874	\$0	\$1,631,874	\$0

<sup>11</sup> Includes GWA for PLS employees (4.0% in July 2023 and 3.0% in January 2024) and for Fire Management (3.2% in July 2023).

**Estimated Cost of Executive Recommended FY24 Pay and Benefit Adjustments (continued)**

Recommended Pay / Benefit Adjustment	Total Cost		Tax Supported Cost	
	FY24 Budget	Annualized Cost	FY24 Budget	Annualized Cost
MCGEO Pension Plan Enhancement	\$1,436,560	See note below	\$1,027,125	See note below
IAFF Pension Plan Enhancement	\$3,205,615		\$3,205,615	
FOP Pension Plan Enhancement	\$1,220,578		\$1,220,578	
MCGEO Military Service Credit	\$134,758	\$134,758	\$134,758	\$134,758
MCGEO Sheriff Vehicles	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
FOP Shirt and Jacket Allowance	\$675,151	-\$48,976	\$675,151	-\$48,976
FOP PPV Mileage	\$944,362	\$944,362	\$944,362	\$944,362
MCGEO Long-Term Disability Enhancement <sup>12</sup>	--	--	To be determined	
Other*	\$4,110,527	\$4,519,033	\$3,423,887	\$3,759,181
<b>TOTALS</b>	<b>\$61,082,659</b>	<b>\$100,428,748</b> See note below	<b>\$51,599,136</b>	<b>\$79,796,788</b>

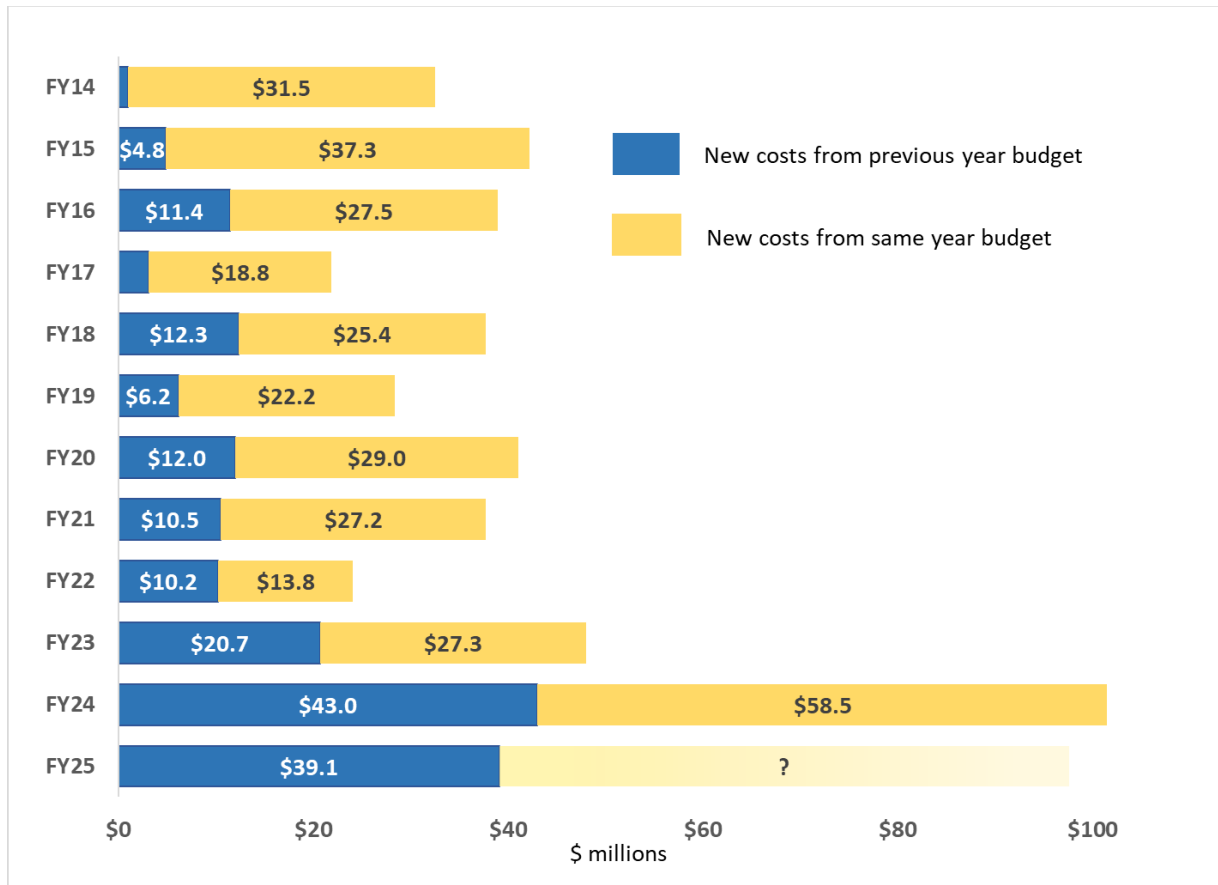
\* Includes multilingual pay, shift differential, field training holiday pay, seasonal pay, stipends, transit subsidy, retiree vision benefit, and all other miscellaneous personnel costs.

**Note on cost of pension plan enhancements:** The Executive budgeted the FY24 cost of the recommended pension enhancements in the Compensation and Employee Benefits Adjustments non-departmental account (NDA). As future year costs associated with the pension enhancements will be budgeted elsewhere, the fiscal impact statements submitted by the Executive indicate that the recommended pension enhancements would have \$0 annual cost beyond FY24. However, these pension enhancements will add unfunded liabilities to the County’s pension fund and necessitate higher annual County contributions in future years. An actuarial analysis of the pension enhancements estimated that these enhancements would increase County pension contributions by about \$9.4 million annually for the next 20 years. As a result, the total annualized fiscal impact of the Executive recommended pay and benefit adjustments would be about \$109.8 million.

<sup>12</sup> According to the Office of Management and Budget: “The changes to Long-Term Disability (LTD) will be factored into the annual health insurance rate setting process, and the LTD rates are figured every two years. It is assumed that changes from this provision would take effect beginning January 1, 2025. It is currently estimated that the County’s rate for LTD2 would increase by approximately 54%, or approximately \$640,000.”

The combined effect of the recommended pay and benefit increases would be to raise County Government total compensation expenditures by 7.9% above the FY23 level. The proposed 7.9% increase would be the largest single year compensation cost growth rate since before the Great Recession; last year's compensation growth rate of 6.5% was the second highest during that period. The chart on the following page illustrates the fiscal impact of the Executive's recommended pay and benefit adjustments from FY14-FY24, combined with the spillover of annualized costs.

**Fiscal Impact of Pay and Benefit Adjustments in Executive Recommended Budgets<sup>13</sup>**  
 (tax and non-tax supported, excludes cost of new positions)



**11. Workforce Size**

Compensation costs are function of two variables, the cost per employee and the number of employees, also known as workforce size. The Executive recommends adding 137 tax supported FTEs in FY24. Combined with the FY23 staffing increases, the Executive's proposed budget would result in a 5.2% increase in the County Government tax supported workforce over two years.

<sup>13</sup> Data sources: New costs from same year budget copied from fiscal impact statements published in Executive's Recommended Operating Budget for each year. New costs from previous year budget copied from fiscal impact statements published in Executive's Recommended Operating Budget for the previous year for FY14-FY22 and for FY25. New costs from previous year budget for FY23 and FY24 copied from page 8-1 of Executive's Recommended Operating Budget.

The largest component of the County Government increase comes from Health and Human Services (+204 FTE), with increases as well within Public Safety (+74 FTE); General Government (+74 FTE); Libraries, Culture and Recreation (+73 FTE); and Environment (+31 FTE).

**Montgomery County Government Staffing, FY22-FY24 CE Recommended**

	FY22	FY23	FY24 CE	Change FY23-24		Change FY22-24	
	Approved	Approved	Rec.	#	%	#	%
<b>County Government</b>	<b>10,614</b>	<b>10,921</b>	<b>11,092</b>	<b>+171</b>	<b>+1.6%</b>	<b>+478</b>	<b>+4.5%</b>
Tax Supported	8,709	9,026	9,163	+137	+1.5%	+454	+5.2%
Non-Tax Supported	1,905	1,896	1,929	+33	+1.8%	+24	+1.2%

At the same time positions are being added, the County Government has significant vacancies. **As of early March, there were approximately 1,500 vacant positions in County Government – representing 13.7% of the 10,921 approved positions in FY23.** In part due to these high vacancy rates, the Executive assumed an additional \$18 million in lapse savings (across all funds) to help fund FY24 expenditures.

**B. MCPS**

The Board of Education currently is engaged in contract negotiations with its employee bargaining units. The Board’s recommended FY24 budget includes a \$201.5 million placeholder for salary and benefit increases.

**C. Montgomery College**

Montgomery College recently concluded negotiations with the American Federation of State, County and Municipal Employees (AFSCME) for a collective bargaining agreement that includes a total 6.0% pay increase for employees not at the maximum salary for their grade level. Employees whose wage adjustment is less than \$1,000 will receive a stipend (not added to their base salary) to make their increase total to \$2,000. Employees at the maximum pay for their grade level would not receive a salary adjustment but would receive a \$2,000 stipend (not added to their base salary). The College also concluded negotiations with the American Association of University Professors (AAUP). The agreement with AAUP provides a flat salary increase of \$2,700 plus a 3.0% salary adjustment up to the pay grade maximum.

The College recently negotiated a 6% wage adjustment for part-time faculty (represented by the Service Employees International Union, SEIU) not at maximum pay for their grade. As of the writing of this memorandum, SEIU members had yet to ratify the negotiated contract. The estimated combined cost of the College’s FY24 compensation increases totals \$1.05 million.

**D. M-NCPPC**

The Montgomery County portion of M-NCPPC’s FY24 budget request includes \$6.86 million for employee pay increases as well as an additional \$1.31 million for possible employee reclassifications. As of the writing of this memorandum, the Commission is in negotiations with MCGEO for FY24 pay adjustments. M-NCPPC typically provides non-represented employees

with identical pay adjustments as offered to MCGEO represented employees. The Commission completed negotiations with the FOP for Park Police officers. The FY24 FOP contract includes a service increment of 3.5% and a cost-of-living adjustment of 5.5% (effective January 2024). The M-NCPPC budget including specific pay adjustments will be determined by joint agreement of the Montgomery and Prince George’s County Councils.

#### **E. WSSC**

The FY24 WSSC proposed budget request includes \$8.79 million for employee pay increases. The WSSC budget including specific pay adjustments will be determined by joint agreement of the Montgomery and Prince George’s County Councils.

### **3. 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 County Government operating budget includes contributions to pay for:

**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 FY24, the Executive’s recommended ERS contribution is \$40.43 million (\$36.37 million tax supported).

**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 FY24 the County will contribute an estimated \$21.8 million (\$17.9 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 7.25% annual return.<sup>14</sup> About 26% of eligible employees have chosen the GRIP option. The Executive estimates that the GRIP will cost the County Government \$9.5 million (\$7.6 million tax supported) in FY24.

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<sup>14</sup> As a cash balance plan that guarantees an annual return, the GRIP is a type of defined benefit plan.

**Participation and Cost Comparisons.** A 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 FY24 cost (excluding employee contributions) for each plan. The data show that while 36% of employees participate in the ERS, the ERS accounts for almost 56% of total County Government retirement plan costs. The average cost per employee for an ERS participant is about 80% greater than the cost per RSP participant and more than three times greater than the cost per GRIP participant.

	Plan Participants		FY24 Cost		Average FY24 Cost/ Employee
	Employees	Percent	\$ Amount (millions)	Percent	
<b>ERS</b> (Defined Benefit)	3,330	36.2%	\$40.43	55.53%	\$12142
<b>RSP</b> (Defined Contribution)	3,238	35.2%	\$21.79	30.93%	\$6,729
<b>GRIP</b> (Cash Balance)	2,626	28.6%	\$9.52	13.54%	\$3,626

The County’s FY23 retirement contribution rates (as a percentage of an employee’s salary) are 16.54% for public safety employees in the ERS; 0.71% for non-public safety employees in the ERS; 8.00% for employees in the RSP; and 6.10% for employees in the GRIP.

**B. Executive Recommended Retirement Benefit Enhancements**

Most modifications to County Government retirement benefits would require amendment of the County Code and/or County regulations. The Executive’s recommended FY24 operating budget includes multiple retirement benefit enhancements for certain groups of employees. The enhancements include:

**MCGEO Deputy Sheriff and Correctional Officer Pension Multiplier:**<sup>15</sup> At present, Deputy Sheriffs and Correctional Officers earn a pension benefit of 2.4% of average final earnings (AFE) for the first 25 years of service and 2.0% of AFE for the years 26 through 31 of service. The Executive proposes amending the pension multipliers to 2.6% of AFE for the first 25 years of service and 2.25% of AFE for years 26 years through of 30 years. This proposed pension modification would increase the pension benefit to 76.25% of AFE after 30 years of service in place of the current maximum benefit of 72.0% after 31 years.

Current	CE Recommended
<b>Years 1-25:</b> 2.4% of AFE for each year of service <b>Years 26-31:</b> 2.0% of AFE for each year of service <b>Maximum benefit:</b> 72.0% after 31 years	<b>Years 1-25:</b> 2.6% of AFE for each year of service <b>Years 26-30:</b> 2.25% of AFE for each year of service <b>Maximum benefit:</b> 76.25% after 30 years

<sup>15</sup> Deputy Sheriffs and Correctional Officers hired on or after July 1, 1978 participate in the County’s Group E “mandatory integrated” pension plan.

**MCGEO Deputy Sheriff and Correctional Officer Military Service Credit:** The Executive negotiated a military service pension credit for eligible Deputy Sheriffs and Correctional Officers. The proposed military service credit would provide up to 24 months of service credit to employees with qualifying prior military service. The existing law allows eligible employees to purchase up to 48 months of pension service credit. The Executive recommends granting the first 24 months to MCGEO members at no cost to the employee.

**MCGEO Correctional Staff Pension Multiplier:**<sup>16</sup> Under the current pension plan, Correctional staff earn a pension benefit of 2.4% of AFE for the first 25 years of service and 2.0% of AFE for the years 26 through 31 of service. The Executive proposes modifying the pension multipliers to 2.5% of AFE for the first 25 years of service and 2.0% of AFE for years 26 years through 30 years. This proposed pension modification would raise the maximum pension benefit from 72% of final earning after 31 years of service to 72.5% of final earnings after 30 years. However, the proposal would raise the pension benefit for those retiring at an earlier age. For example, the amendment would raise the pension benefit for an employee who retires after 25 years of service from 60.0% to 62.5% of final earnings.

Current	CE Recommended
<b>Years 1-25:</b> 2.4% of AFE for each year of service	<b>Years 1-25:</b> 2.5% of AFE for each year of service
<b>Years 26-31:</b> 2.0% of AFE for each year of service	<b>Years 26-30:</b> 2.0% of AFE for each year of service
<b>Benefit after 25 years:</b> 60.0%	<b>Benefit after 25 years:</b> 62.5%
<b>Maximum benefit:</b> 72.0% after 31 years	<b>Maximum benefit:</b> 72.5% after 30 years

**MCGEO Pension Eligibility for Emergency Communications Center Employees:** The Executive recommends making certain job classes for employees working in the Emergency Communications Center eligible for pension benefits.

**MCGEO Long-Term Disability Benefit:** The Executive recommends adjusting the payment date for Long-Term Disability Benefits for RSP and GRIP members from age 70 to 85.

**IAFF Pension Multiplier:**<sup>17</sup> At present, Firefighters earn a pension benefit of 2.5% of AFE for the first 20 years of service and 2.0% of AFE for the years 21 through 31 of service. The Executive proposes amending the pension multipliers to 2.6% of AFE for the first 25 years of service and 1.25% of AFE for years 25 years through of 31 years. This proposed pension modification would raise the maximum pension benefit from 72.0% to 72.5% of final earnings. However, the Executive’s proposal would have a significant impact on the pension benefit received by those who serve for fewer years. As an example, the amendment would raise the pension benefit for a Firefighter who retires after 25 years of service from 60.0% to 65.0% of AFE.

<sup>16</sup> Correctional staff participate in the County’s Group J “mandatory integrated” pension plan.

<sup>17</sup> Firefighters hired on or after July 1, 1978 participate in the County’s Group G “mandatory integrated” pension plan.

Current	CE Recommended
<b>Years 1-20:</b> 2.5% of AFE for each year of service	<b>Years 1-25:</b> 2.6% of AFE for each year of service
<b>Years 26-31:</b> 2.0% of AFE for each year of service	<b>Years 26-31:</b> 1.25% of AFE for each year of service
<b>Benefit after 25 years:</b> 60.0%	<b>Benefit after 25 years:</b> 65.0%
<b>Maximum benefit:</b> 72.0% after 31 years	<b>Maximum benefit:</b> 72.5% after 30 years

**IAFF Pension Cost-of-Living Adjustment:** Under the current pension plan provided to retired Firefighters, the retiree’s pension benefit increases by a cost-of-living adjustment based on when the retiree earned years of service. For service before July 2011, the annual benefit equals 100% of the change in the Consumer Price Index (CPI) for the Washington Metro Area up to a maximum of 3.0% per year; and, in years when the CPI exceeds 3.0%, pension benefit further increases by 60% of the change in the CPI greater than 3.0% up to a maximum annual increase of 7.5%. For credited service from July 2011 onward, the annual cost-of-living adjustment is capped at 2.5%. The Executive proposes raising the maximum annual cost-of-living adjustment to 5.0%.

**FOP Social Security Integration Age:**<sup>18</sup> All County pension plans, including the FOP plan, contain a provision known as “Social Security integration.” Under this provision, the amount the annual benefit is reduced at the approximate age when employees would be eligible to receive Social Security benefits to supplement their pension payments. At present, social security integration in the FOP pension plan begins when a retiree reaches age 67. The Executive recommends delaying Social Security integration until age 70 for FOP retirees.

Staff asked the Executive to provide justification for the various retirement plan modifications. For the MCGEO, IAFF, and FOP pension plan enhancements, the Executive stated that the:

*Pension plan enhancements represent modest increases after the plans were unilaterally reduced by the County Council during the last recession.*

For the MCGEO military service credit, the Executive wrote:

*This provision is brought forth again after its original agreement as part of the FY21 agreement and budget, that was rejected without discussion by the County Council.*

For the MCGEO long-term disability enhancement, the Executive wrote:

*The long-term disability enhancement is an attempt to reduce the inequity in disability benefits provided to members who are in RSP/GRIP retirement as compared to those in ERS.*

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<sup>18</sup> Police Officers hired on or after July 1, 1978 participate in the County’s Group F “mandatory integrated” pension plan.



After reviewing the Executive recommended package of retirement enhancements, staff raises the following policy and fiscal concerns:

- **Retention Disincentive:** Several of the pension modifications proposed by the Executive accelerate the pace of benefit accrual. These modifications would allow employees to attain higher benefits in a shorter amount of time than under current plan designs. This acceleration of benefits could generate an incentive for employees to retire with fewer years of service, working counter to current efforts to encourage employee retention.
- **Long-Term Costs:** The fiscal impact statements submitted by the Executive do not show any post-FY24 costs for several of the pension enhancements. However, these enhancements will add unfunded liabilities to the County's pension fund, reduce the funded ratio, and necessitate higher annual County contributions in future years. An actuarial analysis of the pension enhancements estimated that these enhancements would increase County pension contributions by about \$9.4 million annually for the next 20 years.
- **Lack of Policy Consistency:** County retirement plans often include different policies for different employee groups. Many of these policy differences are not related to the nature of the work performed by different groups of employees. The Executive's recommendations add to this lack of policy consistency. For example, the proposal to set the Social Security integration age at age 70 for retired Police Officers but at age 67 for other pension recipients creates a seemingly unexplained dichotomy in County pension policy.

### C. 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. For FY24, the cost of the funding MCPS pension benefits will be \$71.2 million (over and above the local contribution to the State Teacher's Pension Plan). The Board of Education budget plans no changes to MCPS employee retirement plan benefits in FY24.

In 2012 the Maryland General Assembly shifted a portion of the annual funding requirement for the State-run teacher pension system to the counties.<sup>19</sup> 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. The FY24 MCPS contribution to the State pension fund is \$79.6 million (\$73.6 million in tax supported funds and \$6.0 million in grant funds).

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<sup>19</sup> 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.

## D. Other Agencies

Montgomery College, M-NCPPC, and WSSC each offer defined benefit pension plans. Montgomery College and WSSC do not plan to change the design of their respective retirement plans in FY24. The FY24 contract between M-NCPPC and the FOP modifies the sick leave conversion rate for the calculation of pension credited years of service.

## E. 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.<sup>20</sup> As a result of extraordinarily high investment returns in FY21, the County Government’s pension fund had grown well above its target funding ratio of 100%; the fund ended FY22 very close to the targeted level. The MCPS pension funded ratio remained at 80%, nearly unchanged from the previous year. The M-NCPPC pension funded ratio declined nearly nine percentage points in FY22. WSSC calculates its funded ratio based on assets and liabilities at the end of the Calendar Year, and experienced 2021 investment returns that increased the funded ratio to nearly 98%.

Agency	Date of Most Recent Funded Ratio Calculation	Most Recent Funded Ratio	Previous Funded Ratio
County Government	June 30, 2022	103.3%	116.2%
MCPS	June 30, 2022	80.2%	80.0%
M-NCPPC (Bi-County)	June 30, 2022	89.4%	98.3%
WSSC (Bi-County)	December 31, 2021	97.6%	88.1%

The pension plan enhancements recommended by the County Executive would have a significant effect on the County Government’s pension plan funded ratio. As shown in the table below, an analysis prepared by the County Government’s pension plan actuary estimated that the Executive recommended pension plan enhancements would create unfunded liabilities that would reduce the pension funded ratio by a combined 12% once each element was factored into a subsequent plan valuation.

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<sup>20</sup> Montgomery College does not manage a pension fund as its employees participate in a State-run retirement system.

**Effect of Executive Recommended Pension Plan Enhancements on Pension Funded Ratio**

Pension Plan Group	Effect on Pension Funded Ratio
Sheriff and Corrections (Group E)	-3.1%
Correctional Staff (Group J)	-4.2%
Police (Group F)	-2.6%
Fire (Group G)	-2.1%
<b>Total</b>	<b>-12.0%</b>

Source: Memo from GRS to Jennifer Harling, March 29, 2023 (©57-95)

**4. GROUP INSURANCE FOR ACTIVE EMPLOYEES**

The FY24 tax supported request for active employees’ group insurance benefits for all agencies totals \$470.0 million, an increase of 9.1% from FY23. These costs represent the employer share of annual group insurance premiums.

**FY23 Approved and FY24 Requested Tax Supported Active Employee Group Insurance Costs**

Agency	FY23 Approved	FY24 Request	% Change, FY23-24
County Government	\$118.7 million	\$129.8 million	9.3%
MCPS	\$279.4 million	\$305.3 million	9.3%
Montgomery College	\$15.8 million	\$15.8 million	0.0%
M-NCPPC	\$16.8 million	\$19.1 million	13.5%
<b>Total</b>	<b>\$430.7 million</b>	<b>\$470.0 million</b>	<b>9.1%</b>

**County Government.** In FY23, the Executive recommended and the Council approved a change to the group insurance cost share to make all plan options paid 80% by the County and 20% by the employee. The County has one notable change to group insurance plans for FY24, eliminating the current Caremark “high option” prescription plan for all participants effective January 1, 2024. This change was included in the collective bargaining agreements with MCGEO and FOP, and will also apply to non-represented employees and retirees who participated in the high option plan. The County contribution for both the “standard option” and “high option” prescription plans were the same, and participants in the “high option” plan funded the additional costs. As a result, there are no cost savings to the County from this change.

**MCPS, Montgomery College, and M-NCPPC** have no changes to group insurance benefits for FY24.

## 5. 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 FY24 request for retiree pay-as-you-go group insurance funding totals \$116.9 million, a 2.3% increase from the funding level in FY23. These costs represent the employer share of annual group insurance premiums.

#### FY23 Approved and FY24 Recommended Retiree Health Pay-As-You-Go Funding by Agency

Agency	FY23 Approved	FY24 Request	% Change, FY23-24
County Government	\$48.9 million	\$51.4 million	5.1%
MCPS	\$55.9 million	\$55.9 million	0.0%
Montgomery College	\$4.6 million	\$4.6 million	0.0%
M-NCPPC	\$4.9 million	\$5.0 million	2.0%
<b>All Agencies</b>	<b>\$114.3 million</b>	<b>\$116.9 million</b>	<b>2.3%</b>

**County Government.** The Executive recommends using tax supported funding for retiree health pay as you go costs in FY24 and does not recommend drawing down on assets in the OPEB Trust.

**MCPS.** The Board of Education’s request and the County Executive’s recommendation for MCPS includes \$27.2 million in funding from MCPS funding allocated to the Consolidated OPEB Trust to fund retiree pay-as-you-go costs. In FY15, the Council reduced MCPS’ tax supported retiree health pay-as-you-go funding by \$27.2 million and added \$27.2 million to MCPS’ portion of the Consolidated OPEB Trust to hold MCPS OPEB spending harmless. In

FY16 and each year since, this use of \$27.2 million has continued but without the corresponding replacement of expenditures in the Trust. As a result, the net effect is continued increases in MCPS OPEB Trust balance but by smaller amounts that would occur otherwise.

**B. OPEB Pre-Funding**

**FY24 Recommended OPEB Pre-Funding.** The Executive recommends \$65.6 million in tax supported OPEB pre-funding for FY24, an increase of \$2.8 million or 4.5%.

**FY23 Approved and FY24 Recommended OPEB Pre-Funding by Agency**

	FY23 Approved	FY24 Recommended	% Change FY23-24
<b>Tax Supported</b>			
County Government	--	--	--
MCPS	\$57.4 million	\$62.3 million	8.5%
Montgomery College	\$1.7 million	--	(100.0%)
M-NCPPC	\$3.7 million	\$3.3 million	10.8%
<b>Total Tax Supported</b>	<b>\$62.8 million</b>	<b>\$65.6 million</b>	<b>4.5%</b>
<b>Total Non-Tax Supported</b>	<b>\$0.2 million</b>	<b>\$0.1 million</b>	<b>(50.0%)</b>

**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, including the discount rate used in the valuation. Using a higher discount rate results in a higher funded ratio because it has the impacts on lowering assumed total liability over the long-term. Agencies can, and often do, use a different discount rate for accounting purposes than for OPEB funding calculations for budgeting purposes. For example, the County Government currently uses a 7.5% rate for funding purposes.

**Agency OPEB Liabilities, Assets, and Funded Ratio (as of 7/1/22)**

Agency	Total OPEB Liability	Net Position in Trust	Funded Ratio	Discount Rate
County Government	\$1,555,419,125	\$743,792,701	<b>48%</b>	6.20%
MCPS	\$1,837,862,990	\$722,881,009	<b>39%</b>	7.50%
Montgomery College	\$132,316,444	\$90,041,525	<b>68%</b>	7.08%
M-NCPPC <sup>21</sup>	\$230,130,209	\$56,024,197	<b>24%</b>	6.75%

Sources: Agency OPEB Valuations and Annual Comprehensive Financial Reports

<sup>21</sup> Montgomery County’s OPEB funding schedule assumes the County portion is 45% of M-NCPPC’s total plan.

### C. Updated OPEB Funding Policy

On March 2, the Government Operations and Fiscal Policy (GO) Committee [held a worksession](#) to discuss potential updates to the County's OPEB funding policy. This worksession followed-up on the Committee's prior review of [OLO Report 2019-11](#), where need for an updated OPEB funding framework was first discussed, and the Council's request during the FY23 budget process for staff to review and prepare potential updates to the long-term funding policy.

The GO Committee supported the updated OPEB funding policy proposed by Council staff as a preliminary policy – with the understanding that additional work by staff and the actuarial consultant is needed on select policy elements (such as investment rate of return) that could lead to some modest adjustments during the budget review process. Key elements of a preliminary policy supported by the Committee include:

- Changing from an open to closed amortization schedule;
- Adopting an initial funded ratio target goal of 85%;
- Adopting a 15-year target to reach the funded ratio target goal; and
- A provision to allow the Council and Executive to jointly agree to deviate from policy guidelines during a period of fiscal distress.

Following up the worksession, the Committee sent a letter to the Executive requesting that he add an additional \$20 million in OPEB pre-funding for County Government in consistent with the Committee's preliminary policy recommendation. The Executive did not any include additional OPEB pre-funding in his budget recommendation.

**Staff are continuing to review data related to investment rate of return options and considerations and will bring this issue back to the GO Committee as a follow-up item during budget worksessions.**

### 6. 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 FY21 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	FY22 Year-End Fund Balance		Future Fund Balance Projections
	\$'s	% of Expend.	
County Government <sup>22</sup>	\$5,156,676	1.8%	<ul style="list-style-type: none"> <li>Projected FY23 year-end fund balance of \$10.4 million or 3.4%</li> <li>Fiscal projection shows a 3.5% year-end fund balance in FY24, and a 5.0% fund balance each year in FY25-29</li> </ul>
MCPS: Active Employees	\$15.2 million	3.8%	<ul style="list-style-type: none"> <li>Projected FY23 year-end fund balance of \$3.1 million or 0.8%.</li> </ul>
MCPS: Retired Employees	\$20.0 million	13.9%	<ul style="list-style-type: none"> <li>Projected FY22 year-end fund balance of \$1.0 million or 0.7%.</li> </ul>
M-NCPPC (Bi-County)	\$13.5 million	22.5%	<ul style="list-style-type: none"> <li>Projected FY23 year-end fund balance of \$12.0 million or 16.7%.</li> <li>Proposed FY24 budget projects a year-end fund balance of \$11.9 million or 15.1%.</li> </ul>
Montgomery College	\$1.3 million	6.6%	n/a

## 7. COMPENSATION COST SUSTAINABILITY

In March 2021, the Council adopted [Resolution 19-753](#) that established and/or updated several fiscal policies. The resolution included a policy addressing the sustainability of County Government compensation costs. The Council-adopted policy reads:

*As a means to preserve long-term budget sustainability, the annual growth rate of total compensation costs (including all wage and benefit costs) should be similar to the annual growth rate of tax-supported revenues. In submitting a recommended annual operating budget, the Executive should indicate how recommended compensation cost increases compare with projected rates of revenue growth. Should recommended compensation cost increases exceed the projected one-year or six-year rate of revenue growth, then the Executive should provide a written explanation of: (a) how operating budget resources are re-allocated to pay for total compensation costs; and (b) how the recommended rate of compensation cost growth can be sustained over time.*

The Executive's recommended FY24 operating budget includes compensation costs that exceed those in the FY23 budget by 7.9%. This calculation includes the net cost of all FY24 compensation and benefit enhancements, the annualized cost of FY23 compensation enhancements and the net increase in positions as well as budgeted savings from assumed lapse

<sup>22</sup> The FY21-27 fiscal projection for the County Government's Employee Health Benefits Self Insurance Fund from the Executive's Fiscal Plan is at ©56.

and turnover. As many of the recommended pay increases take effect midway or near the end of FY24, the on-going annual impact of the Executive’s compensation package is greater than a 7.9% increase. The Executive’s FY24 budget includes the largest recommended percent increase in compensation costs in well over a decade. The second largest recommended increase was 6.5% in FY23. From FY16 through FY24, the average annual Executive recommended increase in compensation cost was 3.6%. In contrast, the Executive’s budget projects that tax supported revenues will grow by an average of 2.8% (excluding the recommended property tax increase <sup>23</sup>) during the six-year time horizon of FY24-FY29.

The intent of the compensation sustainability policy is to align recurring pay and benefits expenditures with available resources without requiring offsetting service level reductions or revenue increases. As compensation costs comprise about 60% of the County Government’s operating budget, if the rate of spending on pay and benefits annually outpaces revenue growth, then insufficient budget room would exist to fund other priorities (in the absence of raising taxes or finding another ongoing source of new revenue).

The table and graph below illustrate how a mismatch between cost and revenue growth affects long-term budget sustainability. The FY23 County Government operating budget includes approximately \$1,287 million in compensation costs. The table compares six-year growth of \$1,287 million following two trends: (1) a growth rate of 7.9% in FY24 as recommended by the Executive followed by a 3.6% growth rate<sup>24</sup> in each year from FY25 through FY29; and (2) a growth rate of 2.8%, the projected rate of revenue growth through FY29. As shown in the table, the gap between projected revenues and compensation costs is \$65 million in FY24 and would grow to \$135 million in FY29. Over six years, the two growth patterns yield a cumulative gap of \$595 million.

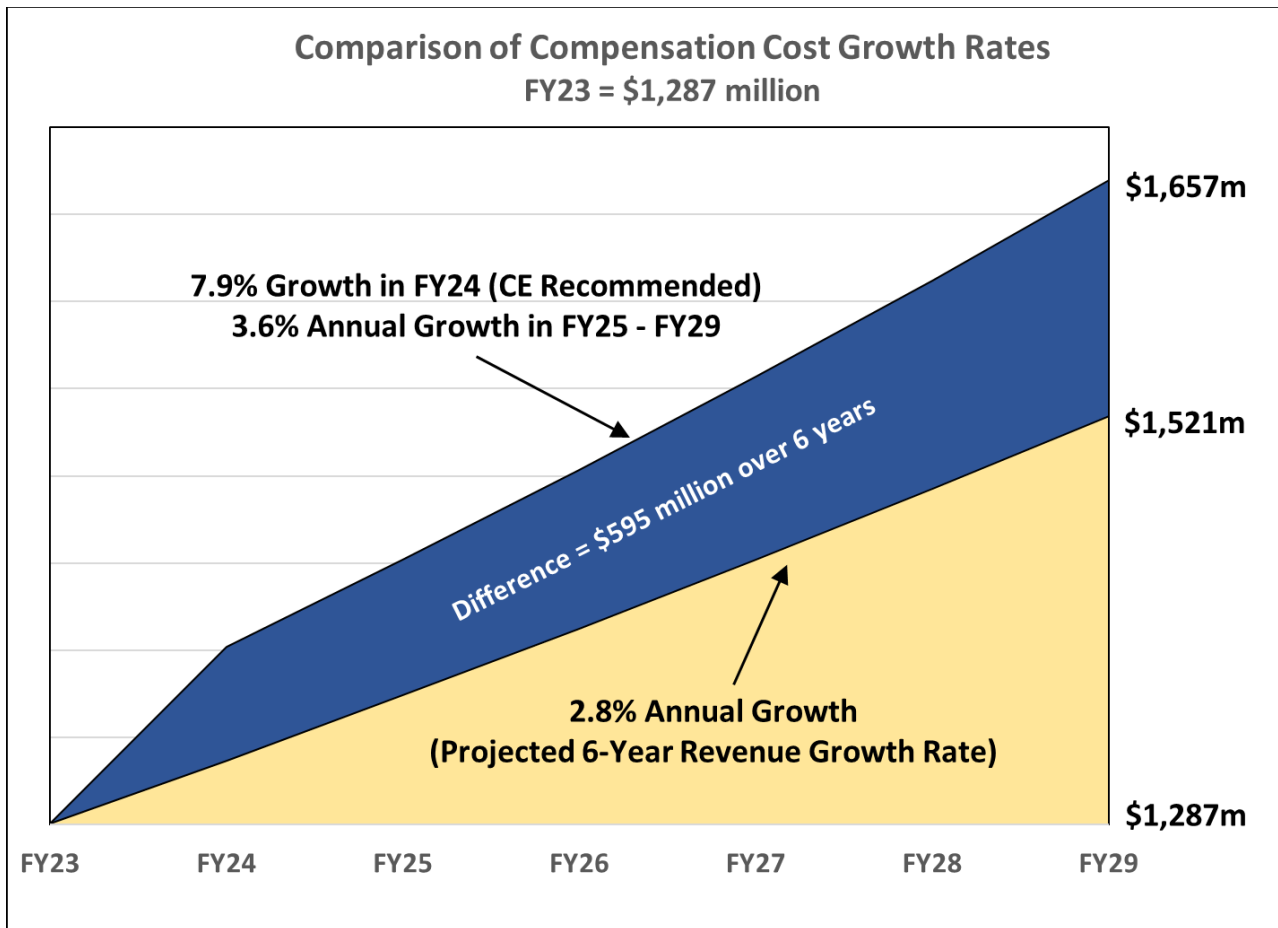
**Comparison of County Government Compensation Cost Growth Patterns**  
(in \$ millions)

Annual Compensation Cost Increase	FY23	FY24	FY25	FY26	FY27	FY28	FY29
7.9% in FY24 (CE Recommended) 3.6% in FY25 - FY29	\$1,287	\$1,389	\$1,439	\$1,490	\$1,544	\$1,599	\$1,657
2.8% in FY24 – FY 29 (Projected 6-Year Revenue Growth)	\$1,287	\$1,324	\$1,361	\$1,399	\$1,439	\$1,479	\$1,521
Difference (Six-Year Total = \$595 million)	--	\$65	\$78	\$91	\$105	\$120	\$135

<sup>23</sup> This analysis excludes revenue from the proposed property tax increase because revenue from the higher tax rate would be dedicated exclusively to fund Montgomery County Public Schools, and so, would be unavailable to fund County Government personnel costs.

<sup>24</sup> As mentioned above, the average Executive recommended compensation growth rate was 3.6% from FY18-FY24.





As mentioned above, the compensation sustainability policy requires that the Executive provide a written explanation when the growth rate of total compensation costs exceeds the projected one-year or six-year rate of revenue growth. The Executive transmitted to Council the following statement (©96-97):

*The Compensation Sustainability Policy identified within Resolution 19-753 states that the County Executive should provide a written explanation when the growth rate of total compensation costs exceeds the projected one-year or six-year rate of revenue growth. My FY24 Recommended Operating Budget includes total compensation and benefit increases, excluding new positions added or eliminated in FY24, of approximately \$91.5 million, for a growth rate of 7.07 percent.*

*As shown in the fiscal plan, the one-year revenue growth rate is 7.2 percent, while the six-year revenue growth rate is 3.4 percent. These growth rates include the additional tax revenue generated by the education supplemental property tax rate increase which I am recommending as part of the FY24 budget. If you exclude the impact of this action, the one-year revenue growth rate is 3.41 percent, while the six-year revenue growth rate is 2.82 percent.*

*Operating budget resources did not need to be reallocated in FY24 to accommodate these costs; the one-year revenue growth rate amounts to \$188.6 million in FY24, which exceeds*

*the compensation increase. These costs are sustainable over time as the total compensation increase of \$91.5 million is far below the increase in growth associated with the average 2.82 percent annual revenue growth over the six-year projection, which amounts to \$156.1 million for FY24.*

*Furthermore, the composition of compensation elements that make up the \$91.5 million increase includes items that take steps necessary to address major issues within County employee compensation structures. Included in the increases are:*

- *Collectively bargained compensation increases to ensure wage growth keeps pace with significantly higher than normal inflation and increases provided to employees in neighboring jurisdictions.*
- *Adjustments to longevity awards that resolve a long-standing wage inequity.*
- *Retirement plan enhancements necessary to improve employee's post-employment financial security.*

In his statement above, the Executive cites a compensation growth rate of 7.07% exclusive of new positions [emphasis added]. Staff notes that the cost of all positions – both existing and new – draw on available resources and comprise the base budget costs for subsequent years. Consistent with the language of the compensation sustainability policy, the calculations shown above include all compensation costs, including those associated with new positions.

The compensation spending pattern recommended by the Executive produces a budget sustainability challenge. The unavoidable outcome of a recurring trend of this sort is to constrain the County's ability to meet future spending priorities (including future year pay adjustments) and/or to necessitate raising tax rates.

## **8. COUNTY GOVERNMENT COMPENSATION-RELATED NDAS**

The FY24 recommended budget contains eight compensation-related Non-Departmental Accounts (NDAs).

### **A. Compensation and Employee Benefits Adjustments NDA (©47)**

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 (MLS) and Police Management Service (PLS) employees<sup>25</sup>, deferred compensation management, and unemployment insurance. The recommended amount for FY24 is \$9,781,173, a \$82,692 decrease from the approved FY23 budgeted amount. The decrease is entirely a result of the one-time addition in FY23 of \$6,682,265 to cover the cost of the change in the County Government's health insurance cost share from 75% to 80%. These costs are built into the base

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<sup>25</sup> For FY24, the Executive recommends offering PLS employees a \$1,500 lump sum payment in lieu of a pay-for-performance award.

budget for FY24 and no appear in this NDA. Absent this reduction, the NDA would have grown by about \$6.6 million in higher compensation costs.

**B. Consolidated Retiree Health Benefits Trust NDAs (©49 and ©53)**

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. The operating budget includes an NDA for each agency. The Executive's budget includes no funding for the County Government's and Montgomery College's Retiree Health Trusts in FY24. The Executive recommends \$62,251,472 for the MCPS Retiree Health Trust NDA.

**C. Group Insurance for Retirees NDA (©50)**

This NDA funds the employer share of annual group insurance premiums for County Government retirees. The Executive recommends funding this NDA in FY24 at \$51,438,503, a \$2,510,066 increase from the FY23 funding level.

**D. Montgomery County Employee Retirement Plans NDA (©51)**

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 (©55)**

This NDA funds the County supplement to State salaries and benefits for secretarial assistance for the resident judges of the Maryland Appellate Courts. The recommended amount for FY24 is \$60,756, the same amount as budgeted in FY23.

**F. State Retirement Contribution NDA (©55)**

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 Executive's budget includes no FY24 funding for this NDA as the County's accrued liability for these costs has come to an end.

## 9. 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 FY23 approved and FY24 recommended ERS administrative and operating expenses.

**Employees' Retirement System Administrative and Operating Expenses**

	<b>FY23 Approved</b>	<b>FY24 Recommended</b>	<b>\$ Amount Change FY23 to FY24</b>	<b>Percent Change FY23 to FY24</b>
Investment Management	\$28,174,000	\$26,653,000	-\$1,521,000	-5.4%
Salaries and Benefits	\$2,823,000	\$2,954,000	\$131,000	4.6%
Professional Services	\$1,024,200	\$1,115,800	\$91,600	8.9%
Benefit Processing	\$132,300	\$136,400	\$4,100	3.1%
Office Management	\$88,300	\$90,700	\$2,400	2.7%
Due Diligence/Education	\$33,700	\$57,700	\$24,000	71.2%
<b>TOTAL</b>	<b>\$32,275,500</b>	<b>\$31,007,600</b>	<b>-\$1,267,900</b>	<b>-3.9%</b>

The Executive recommends a \$1.27 million reduction in funding for ERS management, primarily resulting from a \$1.52 million decrease in investment management fees. MCERP employs two types of investment management structures within their portfolio: separately managed accounts (SMA) and commingled funds (CF). SMA fees are shown as a budget expenditure. In contrast, CF fees are paid directly from fund assets and are not a budgeted expenditure. MCERP recently undertook a significant shift from two SMAs into a CF, resulting in the reduction in budgeted 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 table below shows FY23 approved and FY24 recommended RSP administrative and operating expenses.

**Retirement Savings Plan Administrative and Operating Expenses**

	<b>FY23 Approved</b>	<b>FY24 Recommended</b>	<b>\$ Amount Change FY23 to FY24</b>	<b>Percent Change FY23 to FY24</b>
Investment Management	\$9,800	\$12,000	\$2,200	22.4%
Salaries and Benefits	\$224,500	\$234,800	\$10,300	4.6%
Professional Services	\$75,000	\$77,600	\$2,600	3.5%
Office Management	\$7,300	\$7,300	\$0	0.0%
Due Diligence/Education	\$2,800	\$2,800	\$0	0.0%
<b>TOTAL</b>	<b>\$319,400</b>	<b>\$334,500</b>	<b>\$15,100</b>	<b>4.7%</b>

The Executive recommends a \$15,100 increase in funding for RSP management, primarily a result of higher 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 FY23 approved and FY24 recommended DCP administrative and operating expenses.

**Deferred Compensation Plan Administrative and Operating Expenses**

	<b>FY23 Approved</b>	<b>FY24 Recommended</b>	<b>\$ Amount Change FY23 to FY24</b>	<b>Percent Change FY23 to FY24</b>
Investment Management	\$9,800	\$12,000	\$2,200	22.4%
Salaries and Benefits	\$196,500	\$205,000	\$8,500	4.3%
Professional Services	\$53,000	\$56,100	\$3,100	5.8%
Office Management	\$8,000	\$8,000	\$0	0.0%
Due Diligence/Education	\$2,800	\$2,800	\$0	0.0%
<b>TOTAL</b>	<b>\$270,100</b>	<b>\$283,900</b>	<b>\$13,800</b>	<b>5.1%</b>

The Executive recommends a \$13,800 increase in funding for DCP management, primarily a result of higher 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. 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 FY23 approved and FY24 recommended Trust Fund administrative and operating expenses.

**Consolidated Retiree Health Benefits Trust Fund Administrative and Operating Expenses**

	<b>FY23 Approved</b>	<b>FY24 Recommended</b>	<b>\$ Amount Change FY23 to FY24</b>	<b>Percent Change FY23 to FY24</b>
Investment Management	\$8,451,000	\$8,648,000	\$197,000	2.3%
Salaries and Benefits	\$565,000	\$591,000	\$26,000	4.6%
Professional Services	\$176,500	\$203,800	\$27,300	15.5%
Office Management	\$14,000	\$14,600	\$600	4.3%
Due Diligence/Education	\$26,000	\$50,000	\$24,000	92.3%
<b>TOTAL</b>	<b>\$9,232,500</b>	<b>\$9,507,400</b>	<b>\$274,900</b>	<b>3.0%</b>

The Executive recommends a \$274,900 increase in funding for CRHBT management, primarily resulting from a \$197,000 million increase in investment management fees.

**10. OTHER COMPENSATION ISSUES**

**A. 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 most recent agency reports are available online and summarized below.

- [Montgomery County Government – Personnel Management Review](#) (Select data from the 2022 PMR excerpted below, OHR anticipates that the complete 2022 report will be available in late-April).
- [Montgomery County Public Schools – Staff Statistical Profile](#)
- [Montgomery College – Personnel Profile](#)
- [M-NCPPC – Personnel Management Review](#) (M-NCPPC anticipates the FY 2022 PMR being available in mid-May).
- [WSSC – Human Resources Management Review](#)

**Summary of Agency Personnel Management Data**

<b>Workforce Characteristics</b>	<b>County Government</b>	<b>MCPS</b>	<b>Montgomery College</b>	<b>M-NCPPC (Montgomery)</b>	<b>WSSC (Bi-County)</b>
Reporting Period	CY 2022	FY 2023	CY 2022	FY 2021	FY 2022
Permanent Employees	9,256	24,907	1,727	815	1,622
Average Annual Salary	\$91,030 (overall weighted avg.)	<u>Administrators</u> \$142,665  <u>Teachers (10-Month)</u> \$87,604  <u>Support Staff (10-Month)</u> \$39,393	Largest proportion of permanent staff (41%) earn between \$75,000 and \$99,999	\$77,719*	\$87,957
Gender					
% Male	59%	26%	42%	68%	72%
% Female	41%	74%	58%	32%	28%
Race/Ethnicity:					
% White	44%	54%	43%	66%	36%
% Black/Af. Amer.	27%	19%	29%	18%	49%
% Hispanic/Latino	12%	16%	12%	9%	7%
% Asian	7%	10%	14%	6%	6%
% Other/Unreported	10%	2%	2%	2%	2%
Turnover Rate	8.6%	9.3%	10.9%	8.2%*	12.8%

\*Bi-County data



# Workforce/Compensation

## SUMMARY OF FY24 RECOMMENDATIONS

### A. SUMMARY OF AGENCY REQUESTS

**Montgomery County Public Schools (MCPS):** The MCPS workforce for FY24, as recommended by the Board of Education (BOE), is 24,529.3292 FTEs, or 539.4607 FTEs greater than the Board of Education adopted FY23 workforce of 23,989.6185 FTEs. MCPS is in negotiations with the public schools' bargaining units, the Service Employees International Union (SEIU), the Montgomery County Education Association (MCEA), the Montgomery County Association of Administrators and Personnel (MCAAP), and the Montgomery County Business and Operations Administrators (MCBOA). The potential impact on the FY24 budget is unknown. For more information on compensation and workforce changes, please see the Board of Education's FY24 requested budget document.

**Montgomery College (MC):** The College and its Board of Trustees have proposed a maintenance of effort budget that continues its current core staff complement. The FY24 Current Fund increase in personnel costs of roughly \$1.2 million is to adjust FY23 wages to a fair, reasonable, and sustainable level. Negotiations with the bargaining units are ongoing, however, merit and general wage adjustment increases are not known at the time of this publication. For more information on compensation and workforce changes, please consult the Adopted FY24 Montgomery College Operating Budget Request, available on the College's website.

**Maryland-National Capital Park & Planning Commission (M-NCPPC):** The net impact on the M-NCPPC workforce for FY24, as recommended by the Planning Board, is an increase of 24.44 FTEs. The Commission's requested budget includes an increase in personnel costs of \$8.9 million. The increase also includes retirement and group insurance adjustments, a compensation placeholder (to address collectively bargained compensation increases and pass-through costs), and a reclassification placeholder. For more information on compensation and workforce changes, please see the M-NCPPC FY24 requested budget document.

**Montgomery County Government (MCG):** The net impact on the County government workforce for FY24, as recommended by the Executive, is an increase of 177 positions. This increase consists of 133 tax supported positions and 44 non-tax supported positions. The tax supported total includes 33 new positions associated with the conversion of contractual services to permanent positions.

The recommended budget contains an increase in total personnel costs of \$101.7 million, or 7.9 percent. The increase in FY24 related only to FY24 compensation and benefits adjustments totaled \$71.1 million, or 5.5 percent. The primary factors in these changes are:

Factor	Millions
General Wage Adjustment (GWA)	\$22.7
Decrease in required retirement contribution	-\$0.6
Increase in group insurance	\$12.7
Service increments and longevity	\$15.5
Annualization of FY23 Compensation Adjustments	\$43.0



Other FY24 Compensation Adjustments	<b>\$20.8</b>
New positions in FY24	<b>\$11.9</b>
Position eliminations in FY24	<b>-\$1.7</b>
Other changes in personnel costs, including turnover savings and annualization of positions	<b>-\$22.6</b>

The recommendations in the remainder of this section are for the County Government and are based upon the bargained agreements with the United Food and Commercial Workers, Local 1994 (Municipal and County Government Employees Organization - MCGEO); the International Association of Fire Fighters (IAFF); Local 1664, the Fraternal Order of Police (FOP), Lodge 35; and the Montgomery County Volunteer Fire and Rescue Association (MCVFRA). Certain provisions of the agreements have been extended to unrepresented employees, as noted below.

## B. COUNTY GOVERNMENT SALARY AND WAGES

**General Wage Adjustment:** The Executive recommends the following general wage adjustments (GWA) in FY24: 4.0 percent effective the first full pay period after July 2, 2023 and 3.0 percent effective the first full pay period after January 14, 2024 for all employees in the Police bargaining unit and Police Leadership Service (PLS); 3.2 percent effective the first full pay period after July 16, 2023 for all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed management; 3.0 percent effective the first full pay period after January 14, 2024 and 3.0 percent effective the last full pay period after June 16, 2024 for all employees in the Office, Professional, and Technical (OPT), and Service, Labor, and Trades (SLT) units, as well as all employees on the Transit Bus Operators and Transit Coordinators Salary Schedules, Deputy Sheriffs and Correctional Officers Uniform Salary Schedules, and all non-represented employees, including Management Leadership Service (MLS).

FY24 salary schedules can be found on the County's website at:

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

**Lump-Sum Payments:** The Executive recommends a lump-sum bonus payment of \$1,500 for employees in the Police bargaining unit and PLS in the first full pay period after July 2, 2023.

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

**Longevity Increments:** The Executive recommends longevity increments in FY24 for all eligible employees; adjustments to longevity steps to be awarded after 16, 20, and 25 years of service for all employees in the OPT and SLT units, as well as all employees on the Deputy Sheriff and Correctional Officers Uniform Salary Schedules; adjustments to longevity steps to be awarded after 16 and 20 years of service for all non-represented employees on the General Salary Schedule.

**Performance-Based Pay:** The Executive recommends \$2,500,000 in the Compensation Adjustment and Employee Benefits NDA to fund performance-based pay increases for MLS employees and the lump-sum payment for PLS employees.

## C. COUNTY GOVERNMENT: EMPLOYEE BENEFITS

The following employee benefits are funded in the Executive's recommended budget through a combination of lump-sum or payroll-based contributions.

- **FICA (Social Security & Medicare)**
- **Workers' Compensation**
- **Group Insurance**
- **Employees' Retirement System**
- **Retirement Savings Plan**

**FICA (Social Security and Medicare):** Contributions are collected from County departments and agencies each payday

based on actual payroll. Since contribution rates and salary maximums change at the start of the calendar year, figures used in the recommended fiscal year budget represent an average of the rates set for 2023 and projected changes for 2024. The employer rates of 6.2 percent for social security and 1.45 percent for Medicare are not expected to change.

**Workers' Compensation:** This is handled through the County's Risk Management program under the Department of Finance. Departments with significant non-tax revenues make annual contributions to the Liability and Property Coverage Self-Insurance Fund. A lump-sum contribution to the Fund for insurance for the remaining County departments is made annually through the Risk Management (General Fund portion) Non-Departmental Account. Participating County agencies also make annual lump-sum contributions. Contributions for all members are set each year based on an actuarial valuation of exposures, and past and projected claims experience along with administrative expenses.

**Group Insurance Benefits :** The contributions for health insurance are based on an actuarially determined Countywide average fixed rate of \$15,069 per position, and the contribution for life insurance is based on fixed rates per coverage amounts based on an employee's salary.

It is projected for the long-term that the annual cost of group insurance for the County, including active employees and retirees, could increase an average of approximately six percent annually between FY24 and FY29. Contribution rates during this period will be set based on various factors, including the fund balance in the Health Insurance Fund and claims cost experience.

**Consolidated Retiree Health Benefits Trust:** Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to the County's 50-year-old practice of pre-funding for retiree pension benefits. Due to exponential growth in expected retiree health costs, the County had determined the cost of funding these benefits, which were being paid out as the bills came due, would become unaffordable. Setting aside money now and investing it in a Trust Fund, which is invested in a similar manner as the pension fund, is a prudent and responsible approach that will result in significant savings over the long-term.

County agencies develop current estimates of the costs of health benefits for current and future retirees. These estimates, made by actuarial consultants, concluded that the County's total future cost of retiree health benefits if paid out today, and in today's dollars, is \$2.0 billion - approximately 27.3 percent of the total FY24 budget for all agencies.

<b>Proposed FY24 Consolidated Retiree Health Benefits Trust Contributions</b>	
<b>Montgomery County Government (MCG)</b>	<b><u>FY24</u></b>
<i>General Fund:</i>	
Retiree Health Benefits Trust NDA	\$0
<i>Proprietary Funds:</i>	
Bethesda Parking District	\$0
Wheaton Parking District	0
Silver Spring Parking District	0
Solid Waste Collection	0
Solid Waste Disposal	0
Alcohol Beverage Services	0
Permitting Services	0
Community Use of Public Facilities	0
Motor Pool	0
Risk Management	0
Central Duplicating	0
<i>Participating Agency Contributions</i>	<b>\$0</b>

The County's approach to address retiree health benefits funding has been to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits and any accrued interest on unfunded liability. This amount, known as an Actuarially Determined Contribution or "ADC", is estimated at \$66.8 million. This amount normally consists of two pieces - the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

<b>Total MCG Trust Contributions</b>	<b>\$0</b>
<b>Consolidated Trust: Montgomery County Public Schools</b>	<b>\$62,251,472</b>
<b>Consolidated Trust: Montgomery College</b>	<b>\$0</b>
<b>Park and Planning Commission Trust Fund*</b>	<b>\$3,474,210</b>
<b>Total Contributions/Assets Held in Trust</b>	<b>\$65,725,682</b>

\* MNCPPC's contribution from tax supported funds is \$3,327,791.

The County's policy has been to pay the full amount of ADC each year. In FY11, the County Council enacted Bill 17-11 which established the Consolidated Retiree Health Benefits Trust. The Bill amended existing law and provided a funding mechanism to pay for other post employment benefits (OPEB) for employees of MCPS and MC. In FY15, the County and all other agencies implemented the Medicare Part D

Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This has reduced retiree drug insurance costs and the County's OPEB liability. The County achieved full pre-funding in FY15, consistent with Council resolution No. 16-555. In FY23, the County General Fund contributed funding in excess of the ADC by \$12.6 million (County General Fund) to fully fund the pay-as-you-go amount, and the prefunding contributions were budgeted at \$57.4 million for the MCPS Consolidated Trust and \$1.7 million for the MC Consolidated Trust.

In planning for FY24, actuarial analysis assumed a utilization of \$17.4 million in Trust assets, as the pay-as-you-go amount was again determined to be higher than the ADC. The FY24 budget again includes funding in excess of the ADC by \$17.4 million (County General Fund) to fully fund the pay-as-you-go amount, and no prefunding amount is required for Montgomery County Government. The County Executive has determined that the magnitude of the assets in the OPEB Trust requires a shift from the policy of paying the full amount of the ADC each year, to a policy that utilizes the Trust in a fiscally responsible and sustainable manner to pay a portion of the retiree health benefits while maintaining the assets necessary to support continued growth and long-term fulfillment of its purpose through sustained investment growth and contributions as required.

A detailed breakdown of FY24 recommended contributions to the Consolidated Retiree Health Benefit Trust for County government tax supported agencies, participating agencies, MCPS, and MC is displayed in the table above. The County Executive is recommending that the Retiree Health Benefits Trust provide \$27.2 million to MCPS for the payment of retiree health insurance claims in FY24.

**Retirement Benefits:** Montgomery County Government maintains a system of retirement pay and benefits for its employees which is intended to provide income during their retirement years. The Employees' Retirement System, which currently provides benefits to approximately 6,966 retirees and survivors, is administered by the Montgomery County Employee Retirement Plans (MCERP). MCERP oversees all facets of the retirement plans including investments, administration, and accounting. Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated with MCERP in consultation with the Office of Human Resources, the County's actuaries, the Finance Department, and the Office of Management and Budget.

**Retirement Plans:** Montgomery County Government maintains three retirement plans for its employees: a defined benefit pension plan, a defined contribution plan, and a deferred compensation plan for its employees and participating agencies.

1. The Employees' Retirement System (ERS), a defined benefit pension plan, was established through legislation in 1965 and is described in the Montgomery County Code, Section 33. As of June 30, 2022, there were 6,966 retirees and survivors and 5,956 active members, including 2,626 in the Guaranteed Retirement Income Plan (GRIP). Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated by the MCERP staff, in consultation with the County's actuaries, the Office of Human Resources, the Finance Department, and the Office of Management and Budget.

The ERS consists of four plans including a Mandatory Integrated Retirement Plan, an Optional Non-Integrated Retirement Plan, an Optional Integrated Plan, and a Guaranteed Retirement Income Plan. The GRIP is a Cash Balance Plan that began in FY10 as a result of negotiations between Montgomery County and United Food and Commercial Workers Local 1994 MCGEO. Eligibility to participate has been passed through to non-represented employees and participants of participating agencies. All full-time and part-time non-public safety employees hired before January 1, 2009 enrolled in the RSP were eligible to make a one-time irrevocable election to transfer to the GRIP by June 1, 2009.

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Eligible employees hired after January 1, 2009, have the option to participate in either the RSP or the GRIP. As with the RSP, the County and employee each make contributions at a set percentage of pay. The salient feature of the GRIP is that the plan provides guaranteed annual earnings of 7.25%, credited monthly.

2. The Retirement Savings Plan (RSP), a defined contribution plan, was established for all new OPT/SLT (non-public safety) and non-represented employees hired on or after October 1, 1994. Eligible employees hired after January 1, 2009, have the option to participate in either the RSP or the GRIP. Eligible employees in the ERS are allowed to transfer to the Retirement Savings Plan. Both regular full-time and part-time employees can participate. Under this plan, the County and employee each make contributions at a set percentage of pay. These monies are deposited into employee accounts and invested based on each employee's selection of an investment vehicle(s) established by the Board of Investment Trustees.
3. The Montgomery County Deferred Compensation Plan (DCP) was established by the County to make a deferred compensation plan available pursuant to Section 457 of the Internal Revenue Code. Employee contributions are made on a voluntary basis with the monies deposited into employee accounts and invested based on each employee's selection of an investment vehicle(s) established by the Board of Investment Trustees. In FY 2005, the County established the Montgomery County Union Employees Deferred Compensation Plan for employees covered by a collective bargaining agreement. This Plan is administered by the three unions representing Montgomery County employees.

The Board of Investment Trustees manages the assets of the ERS through its investment managers in accordance with the Board's asset allocation strategy. The Board also administers the investment program for the Retirement Savings Plan and the Montgomery County Deferred Compensation Plan. The Montgomery County Union Employees Deferred Compensation Plan is administered by the three unions representing Montgomery County employees. The Board currently consists of 13 trustees, including: the Directors of Human Resources, Finance, and Management and Budget; the County Council Executive Director; one member recommended by each employee organization; one active employee not represented by an employee organization; one retired employee; two members of the public recommended by the County Council; and two members of the general public.

**Change in Retirement System Membership:** The number of active non-public safety in the ERS decreased by 144 and the number of public safety employees decreased by 30, for a combined total active enrollment of 3,330 in FY23. GRIP membership decreased by 84 employees to 2,626 in FY23. The RSP saw a decrease of 90 active employees enrolled, for a total FY24 enrollment of 3,238.

Funds for the County's contribution to the ERS for each member employee are included in the appropriate Montgomery County Government departmental budget or agency budget. The County uses multiple contribution rates designating the percentage of payroll for the various employee groups to determine the retirement contribution.

County contributions are determined using actuarially sound assumptions to assure the financial health of the Fund. Factors that affect the County's contributions include the impact of compensation adjustments, changes in the size of the workforce, investment returns, and collectively bargained benefit changes. The ERS contribution rates reflect projections of revenues and expenses to the fund. Revenues include County and member contributions which are set at fixed percentages of salaries and investment income, which is driven by both earnings in the various financial markets and the size of the Fund balance invested.

Expenses of the Fund include pension payments, which are affected by mandated cost-of-living increases and changes in the number of retirees and survivors; administrative and operational expenses of the Fund managers and financial consultants, and charges for services provided by the MCERP staff as well as staff from Finance and Human Resources.

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## COLLECTIVE BARGAINING

**Fire and Rescue Bargaining Unit:** The current agreement became effective July 1, 2022, and expires on June 30, 2024. A limited scope reopener agreement became effective July 1, 2023 and will expire on June 30, 2024. The limited scope reopener's salient economic terms include:

- General Wage Adjustment. A 3.2 percent GWA will be paid in July 2023.
- Service Increments. A service increment of 3.5 percent will be paid in FY24 up to the maximum base salary for the grade for eligible unit members.
- Longevity step increases. Longevity step increases will be paid to eligible employees; effective July 2024.
- Deferred Service Increment. A service increment of 3.5 percent for any eligible bargaining unit member who was scheduled to receive a service increment in FY11, but which was not funded by the County Council will be paid in FY24 to eligible unit members the first full pay period following July 1, 2023.
- Salary Schedule Adjustment. A salary schedule adjustment to remove steps A and B, and reletter remaining steps to A through M, will be paid the first full pay period following July 1, 2023.
- Pension Plan Adjustments. A pension plan adjustment amending the cap on pension cost-of-living adjustments for members enrolled on or after July 1, 1978 to a total adjustment of up to 5 percent in any year, and an adjustment to the amount of pension at normal retirement date or early retirement date of 2.6 percent of average final earnings for each of the first 25 years of credited service and 1.25 percent for each year from 25 years to a maximum of 31 years.
- Retiree Vision. An adjustment to the health insurance benefits to provide a fully-insured vision benefit to IAFF retirees in addition to the current zero-cost vision discount plan.

**MCGEO Bargaining Unit:** The current agreement became effective July 1, 2020, and expires on June 30, 2023. The negotiated agreement becomes effective July 1, 2023 and will expire on June 30, 2026. The limited scope reopener agreement's salient economic terms for FY24 include:

- General Wage Adjustment. A 3.0 percent and a 3.0 percent GWA will be paid in January 2024 and June 2024, respectively.
- Service Increments. A service increment of 3.5 percent will be paid in FY24 up to the maximum base salary for the grade for eligible unit members.
- Deferred Service Increment. A service increment of 3.5 percent for any eligible bargaining unit member who was scheduled to receive a service increment in FY12, but which was not funded by the County Council, will be paid in FY24 to eligible unit members the first full pay period following January 1, 2024.
- Longevity Step Increases. Longevity step increases will be paid to eligible employees; effective July 2024, a third longevity step will be added, and longevity steps will be adjusted to be awarded after completion of 16, 20, and 25 years of service.
- Correctional Officer Schedule Adjustment. Adding a step 15 to the Correctional Officers Salary Schedule for Correctional Officer III positions, effective the first full pay period in July 2023.
- Pension Plan Adjustments. A pension plan adjustment for Group E amending the amount of pension at normal retirement date or early retirement date of 2.6 percent of average final earnings for each of the first 25 years of credited service and 2.25 percent for each year from 25 years to a maximum of 30 years, and Group J amending the amount of pension at normal retirement date or early retirement date of 2.5 percent of average final earnings for each of the first 25 years of credited service and 2.0 percent for each year from 25 years to a maximum of 30 years.
- Pension Plan Eligibility. Added certain job classes in the Emergency Communications Center to eligibility for participation in Groups E and J.
- Long-Term Disability Benefit. Adjusted the payment date of Long-Term Disability Benefits for RSP and GRIP participants to age 85.
- Military Service Credit. A credit for up to two years of service for eligible unit members in Group E retirement plans for military service will be applied to eligible retirement accounts.

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- Part-time Holiday Pay. An adjustment to the requirements to receive holiday pay for part-time employees.
  - Shift Differential. An adjustment to the amount of the shift differential to \$1.55 per hour for shift starts between 2:00 pm and 10:59 pm, and \$2.00 per hour for shift starts between 11:00 pm and 5:00 am.
  - Training Pay Differential. An increase to \$4.25 per hour for field training pay differential.
  - Transit Subsidy. An increase in the Get-In Program transit subsidy up to \$285 per month.
  - Meal Allowance. An increase in the meal allowance to \$17.
  - Tools and Uniforms. An adjustment to shoe allowances with amounts differing by unit.
  - Seasonal Wage Adjustment. An adjustment to the seasonal wage scale to maintain a \$0.50 an hour difference between grades S1 through S6, and an adjustment to each grade equal to the adjustment to the County minimum wage (\$1.05 an hour for FY24) will be provided effective the first full pay period after July 1, 2023.
  - Multilingual Pay. An increase to multilingual pay of \$1.00 per hour upon successful completion of the recertification process for the unit in FY24.
  - Retiree Health Insurance Benefits. An adjustment to the health insurance benefits to provide a fully-insured vision benefit to MCGEO retirees in addition to the current zero-cost vision discount plan, and the elimination of the High Option plan for retirees.
  - Sheriff's Office Adjustments. An increase in the clothing allowance to \$1,450 annually, adding a lump-sum payment of up to \$600 for physical fitness awards, and providing 20 cars for assignment and use by the Sheriff's Office.
  - Health and Human Services Adjustments. Added certain job classes to eligibility for \$1,500 annual stipend in the Crisis Center.
  - Police Adjustments. Add uniform and equipment reimbursements for certain positions.
  - Corrections Adjustments. Increase the Charge Nurse differential to \$2.75 per hour, increase stipends for Emergency Response Team to \$1,800 annually, and provide a \$1,200 annual stipend to Critical Incident Response Members.
  - Transportation Adjustments. Increase for County covering cost of certain uniform alterations.

**Police Bargaining Unit:** The current agreement became effective July 1, 2020, and expires on June 30, 2023. The negotiated agreement will become effective July 1, 2023 and expire on June 30, 2025. The agreement's salient economic terms include:

- General Wage Adjustment. A 4.0 percent and a 3.0 percent GWA will be paid in July 2023 and January 2024, respectively.
- Service Increments. A service increment of 3.5 percent will be paid in FY24 up to the maximum base salary for the grade for eligible unit members.
- Longevity step increases. Longevity step increases will be paid to eligible employees; effective July 2024.
- Lump Sum Payment. A \$1,500 lump sum payment for eligible unit members will be paid the first full pay period following July 1, 2023.
- Shift Differential. An adjustment to the amount of the shift differential to \$2.00 per hour for shifts that begin on or after 12:00 noon and prior to 7:59 pm, and \$4.25 per hour for shifts that begin on or after 8:00 pm and before 5:59 am.
- Recruitment and Lateral Entry Bonus. A recruitment and lateral entry bonus of \$20,000 will be paid in four installments after successful completion of the following milestones: 10 percent on first day of County employment, 30 percent on completion of Field Training Program, 30 percent on completion of probationary period, and 30 percent after three years from date of hire.
- Pension Plan Adjustment. An adjustment to the Social Security integration age to the highest Social Security retirement benefit age (currently age 70).
- Uniforms. Funding will be provided to purchase additional jackets and shirts for bargaining unit members.
- Multilingual Pay. An increase to multilingual pay of \$1.00 per hour upon successful completion of the recertification process for the unit in FY24.
- Personal Patrol Vehicles. Expand the allowable range of use for PPV's to within ten miles of the County's borders.



**Volunteer Fire and Rescue Bargaining Unit:** The current agreement became effective on July 1, 2020, and expires on June 30, 2023. At this time, negotiations are ongoing and expected to conclude in March 2023.

## WORKFORCE ANALYSIS

**Basis:** Workforce analysis has been performed on changes to tax supported and non-tax supported full-time equivalent (FTE) positions in the Executive's Recommended FY24 Operating Budget for Montgomery County Government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY23, which began on July 1, 2022. Changes shown reflect the addition of grant-funded positions, abolishments and creations to implement approved job-sharing agreements, and other miscellaneous changes. Changes recommended by the County Executive for FY24 are in three categories: current year position changes due to supplemental appropriations or other actions, new fiscal year position changes scheduled to take effect July 1, 2023, and technical changes.

**Summary:** The recommended budget includes funding for 10,305 full-time positions, a net increase of 213 from the approved FY23 Personnel Complement of 10,092 full-time positions. Funding for 959 part-time positions is also included, a net decrease of 36 positions from the approved FY23 Personnel Complement of 995 positions. FTEs increased by 170.6 to 11,091.9.

<b>MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY</b>					
<b>COUNTY EXECUTIVE RECOMMENDED: FY24</b>					
	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
<b>FY23 APPROVED COMPLEMENT</b>	10,092	995	9,025.7	1,895.6	10,921.3
<b>FY24 RECOMMENDED COMPLEMENT</b>	10,305	959	9,162.9	1,929.0	11,091.9
<b>CHANGE IN WORKFORCE (GROSS)</b>	213	(36)	137.2	33.4	170.6
<b>Percentage Change</b>	2.1%	(3.6%)	1.5%	1.7%	1.6%

Detailed below are the significant net changes in the number of positions in the FY24 Recommended Budget.

Workforce Changes	Position Change
Health and Human Services - Change is related to staff added to support existing and new programs in Children, Youth, and Family Services; conversion of contractual staff to merit staff; a Rental Assistance grant in Services to End and Prevent Homelessness; additional staff in the Office of the Chief Operating Officer, including a coding unit; additional staff in Aging and Disability Services; conversion of contractual Dental Hygienist and Dental Assistant positions to merit staff in Public Health Services; and additional staff for a new Linkages to Learning and School Based Health Center at Southlake Elementary School (multi-program).	110
Human Resources - Change is due to adding positions to address gaps in service delivery, enhance the customer experience, address critical areas of improvement, and strengthen partnerships within the Human Resources community; support for Paid Parental Leave, Training and Organizational Development, Recruitment and Selection, and Training and Organizational Development programs; new OMS/FROMS clinic contract; Classification and Compensation structure improvements; and Centralized Processing Unit support.	18
Environmental Protection - Change is related to new positions for water quality efforts, to increase tree plantings, to manage climate-focused grant and incentive programs, and to implement other climate efforts. Technical adjustments shifted four climate positions from other departments to the Department of Environmental Protection.	10
Police - Change is due to the Effective Law Enforcement for All (ELE4A) Final Report staff recommendations, and the addition of school crossing guards.	12

Fire and Rescue Services - Change is due to the addition of positions to support emergency medical service enhancements supported by Emergency Service Transporter Supplemental Payment Program revenues. **11**

Alcohol Beverage Services - Change is related to reorganization of Alcohol Beverage Services to a more efficient workforce model, staffing for new Gaithersburg store, clerk position FTE adjustments, and other technical changes. **10**

Transit - Change is due to a technical adjustment in a full-time position, and reducing the Ride On bus operator complement by 16 part-time positions to reflect anticipated FY24 staffing requirements and ongoing hiring difficulties. Transit staffing levels will be revisited following the completion of the Ride On Reimagined study. **-17**

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2022					2023					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	%Dif
Carefirst POS	1,335	1,035	1,776	4,146	46.3%	1,322	979	1,778	4,079	44.2%	(13)	(56)	2	(67)	-2.0%
Carefirst POS Std	506	219	432	1,157	12.9%	549	255	450	1,254	13.6%	43	36	18	97	0.7%
Kaiser	792	390	593	1,775	19.8%	774	386	560	1,720	18.7%	(18)	(4)	(33)	(55)	-1.2%
United Healthcare	663	428	790	1,881	21.0%	640	764	764	2,168	23.5%	(23)	336	(26)	287	2.5%
Grand Total				8,959					9,221					262	

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES							
Employee Retirement System Plans	Number Employees (7/1/21)	Fiscal 2023		Number Employees (7/1/22)	Fiscal 2024		Number Employees (7/21 v. 7/22)
		Contribution Rate %	Contribution Rate %		Contribution Rate %	Contribution Rate %	
Public Safety	2,759	15.32%		2,729	16.54%	(30)	1.22%
Non-Public Safety	745	1.64%		601	0.71%	(144)	-0.93%
Guaranteed Retirement Income Plan	2,710	6.12%		2,626	6.10%	(84)	-0.02%
Total ERS System Plans	6,214			5,956		(258)	
Retirement Savings Plan	3,328	8.00%		3,238	8.00%	(90)	0.00%

Source: Montgomery County Employees' Retirement System, 2021 and 2022 Actuarial Valuation Reports for Plan Years Beginning July 1, 2021, and July 1, 2022, respectively. RSP data provided by the Montgomery County Employee Retirement Plans.



PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT						
ITEM	FY22 APPR	FY22 ACT	FY23 APPR	FY23 EST	FY24 REC	\$ %
						FY24 Req vs FY23 Appr
<b>EXPENSES</b>						
Salaries and Benefits	187,000	159,157	196,500	189,200	205,000	8,500 4.3%
Professional Services	52,300	59,363	53,000	54,700	56,100	3,100 5.8%
Due Diligence/Education	2,800	-	2,800	2,800	2,800	0 0.0%
Office Management	8,000	4,090	8,000	8,000	8,000	0 0.0%
Investment Management fees	6,000	6,791	9,800	10,400	12,000	2,200 22.4%
<b>TOTAL EXPENSES</b>	<b>256,100</b>	<b>229,401</b>	<b>270,100</b>	<b>265,100</b>	<b>283,900</b>	<b>\$13,800 5.1%</b>

Amounts shown above are not charged to the Deferred Compensation Plan Trust but are instead appropriated and charged to the General Fund Compensation and Employee Benefits Adjustments Non-Departmental Account.

PROPOSED OPERATING BUDGET RETIREE HEALTH BENEFIT TRUST						
ITEM	FY22 APPR	FY22 ACT	FY23 APPR	FY23 EST	FY24 REC	\$ %
						FY24 Req vs FY23 Appr
<b>EXPENSES</b>						
Salaries and Benefits	526,000	477,270	565,000	533,000	591,000	26,000 4.6%
Professional Services	174,042	214,808	176,500	198,800	203,800	27,300 15.5%
Due Diligence/Education	27,000	3,522	26,000	26,000	50,000	24,000 92.3%
Office Management	14,300	8,398	14,000	10,200	14,600	600 4.3%
Investment Management fees	7,088,250	12,031,574	8,451,000	8,054,000	8,648,000	197,000 2.3%
<b>TOTAL EXPENSES</b>	<b>7,829,592</b>	<b>12,735,572</b>	<b>9,232,500</b>	<b>8,822,000</b>	<b>9,507,400</b>	<b>\$274,900 3.0%</b>

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM						
ITEM	FY22 APPR	FY22 ACT	FY23 APPR	FY23 EST	FY24 REC	\$ %
						FY24 Req vs FY23 Appr
<b>REVENUE</b>						
Contributions	91,500,000	99,322,674	75,175,000	75,175,000	79,480,000	4,305,000 5.7%
Investment Income/(Loss)	322,000,000	(217,530,202)	395,000,000	351,495,000	360,357,000	(34,643,000) (8.8%)
Miscellaneous Income	1,050,000	806,341	876,000	801,000	854,000	(22,000) (2.5%)
<b>TOTAL REVENUE</b>	<b>414,550,000</b>	<b>(117,401,187)</b>	<b>471,051,000</b>	<b>427,471,000</b>	<b>440,691,000</b>	<b>(30,360,000) (6.4%)</b>
<b>EXPENSES</b>						
<b>OPERATING EXPENSES</b>						
Retirement Benefits	285,420,000	298,725,796	312,458,000	317,799,000	336,141,000	23,683,000 7.6%
Investment Management fees	24,582,250	40,303,901	28,174,000	25,060,000	26,653,000	(1,521,000) (5.4%)
<b>SUBTOTAL</b>	<b>310,002,250</b>	<b>339,029,697</b>	<b>340,632,000</b>	<b>342,859,000</b>	<b>362,794,000</b>	<b>22,162,000 6.5%</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Salaries and Benefits	2,550,000	2,059,621	2,823,000	2,658,000	2,954,000	131,000 4.6%
Professional Services	1,013,900	953,024	1,024,200	1,088,200	1,115,800	91,600 8.9%
Benefit Processing	129,800	127,997	132,300	129,000	136,400	4,100 3.1%
Due Diligence/Education	33,700	7,927	33,700	33,700	57,700	24,000 71.2%
Office Management	88,300	77,134	88,300	82,000	90,700	2,400 2.7%
<b>SUBTOTAL</b>	<b>3,815,700</b>	<b>3,225,703</b>	<b>4,101,500</b>	<b>3,990,900</b>	<b>4,354,600</b>	<b>253,100 6.2%</b>
<b>TOTAL EXPENSES</b>	<b>313,817,950</b>	<b>342,255,400</b>	<b>344,733,500</b>	<b>346,849,900</b>	<b>367,148,600</b>	<b>22,415,100 6.5%</b>
<b>NET REVENUE</b>	<b>100,732,050</b>	<b>(459,656,587)</b>	<b>126,317,500</b>	<b>80,621,100</b>	<b>73,542,400</b>	<b>(52,775,100) (41.8%)</b>

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN						
ITEM	FY22 APPR	FY22 ACT	FY23 APPR	FY23 EST	FY24 REC	Change: FY24 Req vs FY23 Appr \$ %
<b>REVENUE</b>						
Investment Income	5,000	530	1,600	500	600	(1,000) (62.5%)
Miscellaneous Income	150,000	547,006	312,000	310,000	313,000	1,000 0.3%
<b>TOTAL REVENUE</b>	<b>155,000</b>	<b>547,536</b>	<b>313,600</b>	<b>310,500</b>	<b>313,600</b>	<b>0 0.0%</b>
<b>EXPENSES</b>						
<b>OPERATING EXPENSES</b>						
Investment Management fees	6,000	6,791	9,800	10,400	12,000	2,200 22.4%
<b>SUBTOTAL</b>	<b>6,000</b>	<b>6,791</b>	<b>9,800</b>	<b>10,400</b>	<b>12,000</b>	<b>2,200 22.4%</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Salaries and Benefits	213,000	197,462	224,500	217,200	234,800	10,300 4.6%
Professional Services	66,700	75,113	75,000	73,700	77,600	2,600 3.5%
Due Diligence/Education	2,800	-	2,800	2,800	2,800	0 0.0%
Office Management	7,300	4,090	7,300	7,300	7,300	0 0.0%
<b>SUBTOTAL</b>	<b>289,800</b>	<b>276,665</b>	<b>309,600</b>	<b>301,000</b>	<b>322,500</b>	<b>12,900 4.2%</b>
<b>TOTAL EXPENSES</b>	<b>295,800</b>	<b>283,456</b>	<b>319,400</b>	<b>311,400</b>	<b>334,500</b>	<b>15,100 4.7%</b>

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY24</u>	<u>Annual Cost Beyond FY24</u>	<u>Estimated # affected***</u>
5	Tech Pay	Increase in Multilingual Pay of \$1.00 per Hour upon Successful Completion of Recertification	\$205,633	\$357,266	
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$953,829	\$1,611,355	471
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$85,046	\$262,668	63
30	Uniforms and Equipment	Adjustments to Clothing Issued to Include Shirts and Jackets	\$675,151	-\$48,976	1,092
35	Vehicles	Increase to Personal Patrol Vehicle out-of-County Mileage	\$944,362	\$944,362	
	Vehicles	Marking for Certain Vehicles	\$116,800	\$0	
36	Wages	Recruitment Bonus for New Recruits and Lateral Entries	\$408,000	\$938,400	51
36	Wages	Lump Sum Payment of \$1,500 in January 2024 for Eligible Employees	\$1,631,874	\$0	1,092
36	Wages	4.0 and 3.0 Percent General Wage Adjustment in July 2023 and January 2024, Respectively	\$6,696,703	\$8,929,607	1,092
41	Shift Differential	Increase Shift Differential from \$1.42/\$1.87 to \$2.00/\$4.25 for Eligible Employees	\$1,309,751	\$1,309,751	
57	Retirement	Social Security Benefit Age Adjustment to Pension Calculation	\$1,220,578	\$0	1,092
<b>Total</b>			<b>\$14,042,094</b>	<b>\$13,947,167</b>	<b>1,092</b>

## Police Uniformed Management Pass-Through Estimates\*\*

<u>Item</u>	<u>Description</u>	<u>FY24</u>	<u>Annual Cost Beyond FY24</u>	<u>Estimated # affected***</u>
Wages	4.0 and 3.0 Percent General Wage Adjustment in July 2023 and January 2024, Respectively	\$469,713	\$626,405	50
Wages	\$1,500 Lump Sum Payment in lieu of Pay for Performance in July 2023	\$80,738	\$0	50
<b>Total</b>		<b>\$469,713</b>	<b>\$626,405</b>	<b>50</b>

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

\*\* Police Management converted to a new Police Leadership Service (PLS) Schedule in FY19.



**Montgomery County Career Fire Fighters Association, Inc  
International Association of Fire Fighters, Local 1664 ▶  
Fiscal Impact Summary\***

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY24</u>	<u>Annual Cost Beyond FY24</u>	<u>Estimated # affected**</u>
19.1	Wages	3.2 Percent General Wage Adjustment in July 2023	\$3,622,465	\$3,767,083	1,118
19	Wages	Salary Schedule Adjustment to Remove Steps A and B and Reletter Steps A through M	\$3,412,656	\$4,158,907	640
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$114,564	\$332,369	83
20	Insurance Benefits	Offering IAFF Retirees Fully Insured Vision Benefit	\$36,228	\$36,228	
51	Pensions	Amending of the Cost-of-Living Adjustment for Eligible Group G Members	\$1,210,091	\$0	1,118
51	Pensions	Increase Pension Formula for Group G Participants	\$1,995,524	\$0	1,118
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$874,175	\$1,657,461	676
55.8	Service Increments	Deferred Service Increment from FY13 for Eligible Employees, 3.5% Effective July 2023	\$326,617	\$326,617	112
<b>Total</b>			<b>\$11,592,320</b>	<b>\$10,278,664</b>	<b>1,118</b>

**Fire and Rescue Uniformed Management Pass-Through Estimates**

<u>Item</u>	<u>Description</u>	<u>FY24</u>	<u>Annual Cost Beyond FY24</u>	<u>Estimated # affected**</u>
Wages	3.2 Percent General Wage Adjustment in July 2023	\$226,627	\$235,683	42
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$5,962	\$11,393	3
<b>Total</b>		<b>\$232,589</b>	<b>\$247,076</b>	<b>42</b>

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

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

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

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

## Non-Represented Pass-Through Estimates\*

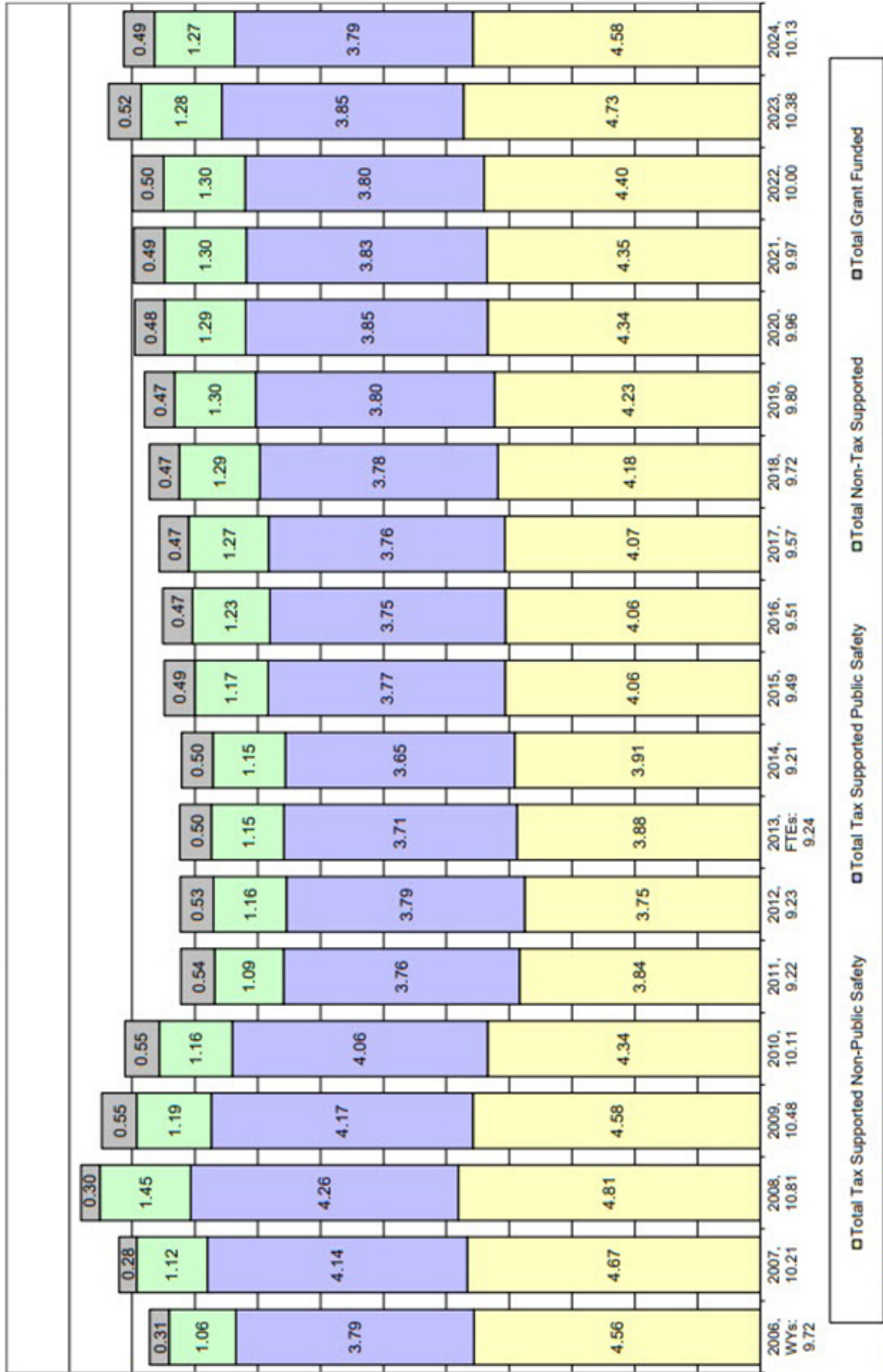
<u>Item</u>	<u>Description</u>	<u>FY24</u>	<u>Annual Cost Beyond FY24</u>	<u>Estimated # affected**</u>
Wages	3.0 and 3.0 Percent General Wage Adjustment in January 2024 and June 2024, Respectively	\$4,489,362	\$17,058,884	2,417
Longevity	Longevity Step Increase of 3.25 or 3.5 Percent for Eligible Employees, After Completion of 16 and 20 Years of Service	\$3,207,670	\$3,376,838	675
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,809,469	\$3,720,876	748
<b>Total</b>		<b>\$9,506,502</b>	<b>\$24,156,597</b>	<b>2,417</b>

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

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



**HISTORY OF APPROVED COUNTY GOVERNMENT POSITIONS  
PER 1,000 POPULATION BY FUNDING CATEGORY  
FY06-FY23 Approved Workyears and FTEs, FY24 Recommended FTEs<sup>1</sup>**



<sup>1</sup> From FY06 through FY12, workyears are used; beginning in FY13, full-time equivalent (FTE) positions will be used.

# MONTGOMERY COUNTY PRODUCTION REPORT

## FY24 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
<b>County General Fund</b>				
<b>General Government</b>				
Board of Appeals	37,202	52,742	27,323	117,267
Board of Elections	324,108	486,852	191,290	1,002,250
Circuit Court	682,141	1,545,639	636,676	2,864,456
Community Engagement Cluster	352,255	834,938	254,263	1,441,456
County Attorney	405,715	626,524	314,592	1,346,831
County Council	903,509	1,612,383	706,382	3,222,274
County Executive	346,452	603,936	302,310	1,252,698
Ethics Commission	20,839	30,138	14,925	65,902
Finance	861,014	1,495,889	610,461	2,967,364
Food Systems Resilience	23,291	45,207	12,178	80,676
General Services	976,547	2,071,834	716,094	3,764,475
Grants Management	34,166	67,811	19,672	121,649
Human Resources	523,151	923,828	349,776	1,796,755
Human Rights	96,384	177,062	73,319	346,765
Inspector General	173,744	278,777	152,802	605,323
Intergovernmental Relations	54,380	90,414	36,356	181,150
Labor Relations	74,498	115,821	61,493	251,812
Legislative Oversight	134,548	208,706	101,629	444,883
Management and Budget	393,313	596,132	296,773	1,286,218
Merit System Protection Board	16,459	30,138	10,711	57,308
Peoples' Counsel	13,072	22,604	6,835	42,511
Procurement	270,507	532,720	185,788	989,015
Public Information	399,573	897,919	324,790	1,622,282
Racial Equity and Social Justice	66,432	128,087	51,352	245,871
State's Attorney	1,214,188	2,288,854	1,117,069	4,620,111
Technology and Enterprise Business Solutions	1,510,131	2,200,263	990,333	4,700,727
Zoning and Administrative Hearings	39,435	60,276	38,436	138,147
<b>Total General Government</b>	<b>9,947,054</b>	<b>18,025,494</b>	<b>7,603,628</b>	<b>35,576,176</b>
<b>Public Safety</b>				
Animal Services	450,069	1,086,089	321,479	1,857,637

# MONTGOMERY COUNTY PRODUCTION REPORT

## FY24 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
Consumer Protection	153,883	276,005	99,568	529,456
Correction and Rehabilitation	4,062,533	7,943,809	2,475,213	14,481,555
Emergency Management and Homeland Security	108,001	169,908	83,792	361,701
Police	15,566,106	29,361,581	12,327,591	57,255,278
Sheriff	1,329,484	2,751,866	966,742	5,048,092
<b>Total Public Safety</b>	<b>21,670,076</b>	<b>41,589,258</b>	<b>16,274,385</b>	<b>79,533,719</b>
<b>Transportation</b>				
Transportation	1,513,494	3,402,027	904,186	5,819,707
<b>Health and Human Services</b>				
Health and Human Services	9,826,483	21,799,026	6,885,981	38,511,490
<b>Culture and Recreation</b>				
Public Libraries	2,249,376	6,409,684	1,420,813	10,079,873
<b>Housing and Community Development</b>				
Agriculture	54,980	88,907	33,789	177,676
Housing and Community Affairs	530,565	1,048,386	393,967	1,972,918
<b>Total Housing and Community Developme</b>	<b>585,545</b>	<b>1,137,293</b>	<b>427,756</b>	<b>2,150,594</b>
<b>Environment</b>				
Environmental Protection	238,273	434,043	159,172	831,488
<b>Other County Functions</b>				
NDA - Climate Change Planning	636	753	502	1,891
NDA - Compensation and Employee Benefit Adjustments	11,777	16,878	8,345	37,000
NDA - Conference Center	8,030	15,069	8,397	31,496
NDA - Early Care and Education	64,770	172,596	95,568	332,934
NDA - Guaranteed Income	6,207	13,893	9,817	29,917
NDA - Incubator Programs	40,853	75,345	27,510	143,708
NDA - Independent Audit	1,848	2,260	1,291	5,399
NDA - Legislative Branch Communications Outreach	103,456	207,199	81,722	392,377
NDA - Police Accountability Board	29,323	30,138	8,190	67,651
NDA - State Positions Supplement	4,318	0	0	4,318
NDA - Vision Zero	9,089	15,069	9,505	33,663
<b>Total Other County Functions</b>	<b>280,307</b>	<b>549,200</b>	<b>250,847</b>	<b>1,080,354</b>
<b>Total County General Fund</b>	<b>46,310,608</b>	<b>93,346,025</b>	<b>33,926,768</b>	<b>173,583,401</b>



# MONTGOMERY COUNTY PRODUCTION REPORT

## FY24 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
<b>Special Funds - Tax Supported</b>				
Bethesda Urban District	7,118	15,069	7,444	29,631
Economic Development Fund	11,126	15,069	11,635	37,830
Fire	12,167,405	19,939,713	25,752,362	57,859,480
Mass Transit	5,925,607	12,884,642	4,114,999	22,925,248
Recreation	2,248,256	2,766,897	866,354	5,881,507
Silver Spring Urban District	162,731	513,870	109,679	786,280
Wheaton Urban District	108,206	321,480	76,837	506,523
<b>Total Special Funds - Tax Supported</b>	<b>20,630,449</b>	<b>36,456,740</b>	<b>30,939,310</b>	<b>88,026,499</b>
<b>Total Tax Supported Funds</b>	<b>66,941,057</b>	<b>129,802,765</b>	<b>64,866,078</b>	<b>261,609,900</b>
<b>Special Funds - NonTax Supported</b>				
Cable TV	217,066	366,780	160,865	744,711
Grant Fund	3,939,026	9,197,213	3,092,727	16,228,966
Montgomery Housing Initiative	175,398	318,744	132,760	626,902
Water Quality Protection	677,783	1,445,733	662,150	2,785,666
<b>Total Special Funds - NonTax Supported</b>	<b>5,009,273</b>	<b>11,328,470</b>	<b>4,048,502</b>	<b>20,386,245</b>
<b>Enterprise Funds</b>				
Bethesda Parking	153,087	304,718	111,911	569,716
Community Use of Public Facilities	219,665	452,236	163,813	835,714
Leaf Vacuuming	214,768	433,332	130,223	778,323
Liquor	2,447,707	6,978,970	1,668,033	11,094,710
Permitting Services	1,986,351	3,588,149	1,435,253	7,009,753
Silver Spring Parking	166,978	361,902	133,182	662,062
Solid Waste Collection	106,913	181,282	90,281	378,476
Solid Waste Disposal	769,833	1,513,044	598,533	2,881,410
Wheaton Parking	25,428	50,577	19,789	95,794
<b>Total Enterprise Funds</b>	<b>6,090,730</b>	<b>13,864,210</b>	<b>4,351,018</b>	<b>24,305,958</b>
<b>Total Non Tax Supported Funds</b>	<b>11,100,003</b>	<b>25,192,680</b>	<b>8,399,520</b>	<b>44,692,203</b>
<b>Internal Service Funds</b>				
Central Duplicating (Printing & Mail)	202,413	516,038	139,023	857,474
Employee Health Self Insurance	216,635	378,725	194,338	789,698
Motor Pool	1,603,235	3,083,357	1,281,253	5,967,845
Risk Management (Self Insurance - ISF)	307,332	483,581	247,962	1,038,875
<b>Total Internal Service Funds</b>	<b>2,329,615</b>	<b>4,461,701</b>	<b>1,862,576</b>	<b>8,653,892</b>
<b>Total Benefits</b>	<b>80,370,675</b>	<b>159,457,146</b>	<b>75,128,174</b>	<b>314,955,995</b>

**COUNTY GOVERNMENT TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT**

Tax Supported Funds, FY23 Approved Budget	MCGEO	IAFF	FOP	Non Represented	TOTAL
Filled positions, tax and non-tax supported	5,196	1,120	1,097	1,986	9,399
Percent of total	55.3%	11.9%	11.7%	21.1%	100.0%
Workyears (bargaining units estimated)	4,990	1,076	1,053	1,907	9,026
<b>Active employees:</b>					
Wages					840,681,987
Social Security					61,467,875
Retirement					60,833,044
Group insurance for active employees					118,746,756
Subtotal	394,057,934	151,645,962	145,400,232	266,856,167	957,960,295
Other					123,769,367
Total compensation for active employees					1,081,729,662
<b>Retiree benefits: group insurance</b>					
Pay as you go amount					48,928,437
OPEB Contribution					0
Total compensation for retired employees					48,928,437
Total compensation for active and retired employees					1,130,658,099
Operating budget without debt service					1,895,113,855
Total compensation as % of total operating budget					59.7%
% General Wage Adjustment	5.75%	3.42%	5.00%	3.80%	
Cost of General Wage Adjustment (wages, social security, retirement)	742,593	3,815,894	5,834,029	533,481	10,925,997
Cost of other Wage Adjustment					0
Cost per 1% General Wage Adjustment (wages, social security, retirement)	129,147	1,115,758	1,166,806	140,390	2,552,101
<b>Annualized</b> cost of General Wage Adjustment (wages, social security, retirement)	19,307,426	5,886,151	7,687,515	8,693,807	41,574,899
Cost per furlough day (wages, social security)					
Cost of increment for employees not at top of grade (wages, social security, retirement)	2,788,227	900,712	1,000,025	1,043,915	5,732,879
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	796,636	257,346	285,721	298,261	1,637,965
<b>Annualized</b> cost of increment for employees not at top of grade (wages, social security, retirement)	5,419,703	1,665,475	1,482,665	1,941,050	10,508,893

**COUNTY GOVERNMENT TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT**

Tax Supported Funds, FY24 Request	MCGEO	IAFF	FOP	Non Represented	TOTAL
Filled positions, tax and non-tax supported	5,366	1,136	1,064	1,690	9,256
Percent of total	58.0%	12.3%	11.5%	18.3%	100.0%
Workyears (bargaining units estimated)	5,312	1,125	1,053	1,673	9,163
<b>Active employees:</b>					
Wages					902,890,811
Social Security					66,941,057
Retirement					64,866,078
Group insurance for active employees					129,802,765
Subtotal	439,863,130	164,349,768	158,290,569	295,982,184	1,058,485,651
Other					106,015,060
Total compensation for active employees					1,164,500,711
<b>Retiree benefits: group insurance</b>					
Pay as you go amount					51,438,503
OPEB Contribution					0
Total compensation for retired employees					51,438,503
Total compensation for active and retired employees					1,215,939,214
Operating budget without debt service					2,064,608,598
Total compensation as % of total operating budget					58.9%
% General Wage Adjustment	1.50%	3.08%	5.38%	1.50%	
Cost of General Wage Adjustment (wages, social security, retirement)*	5,490,381	3,622,465	6,696,703	4,010,661	19,820,210
Cost of other Wage Adjustment	526,403	3,739,273			4,265,676
Cost per 1% General Wage Adjustment (wages, social security, retirement)	3,660,254	1,176,125	1,244,740	2,673,774	8,754,893
<b>Annualized</b> cost of General Wage Adjustment (wages, social security, retirement)	20,914,518	3,767,083	8,929,607	13,455,997	47,067,205
Cost per furlough day (wages, social security)					
Cost of increment for employees not at top of grade (wages, social security, retirement)	3,508,373	874,175	953,829	1,341,823	6,678,200
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	1,002,392	249,764	272,523	383,378	1,908,057
<b>Annualized</b> cost of increment for employees not at top of grade (wages, social security, retirement)	6,939,582	1,657,461	1,611,355	2,761,396	12,969,794

\* 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 FY23-FY24	MCGEO	IAFF	FOP	Non Represented	TOTAL
Workyears	322	49	(0)	(234)	137
<b>Active employees:</b>					
Wages					62,208,824
Social Security					5,473,182
Retirement					4,033,034
Group insurance for active employees					11,056,009
Subtotal	45,805,196	12,703,806	12,890,337	29,126,017	100,525,356
Other					(17,754,307)
Total compensation for active employees	0	0	0	0	82,771,049
<b>Retiree benefits: group insurance</b>					
Pay as you go amount					2,510,066
Phase in of the Annual Required Contribution					0
Total compensation for retired employees					2,510,066
Total compensation for active and retired employees	0	0	0	0	85,281,115

Percent increase FY23-FY24	MCGEO	IAFF	FOP	Non Represented	TOTAL
Workyears	6.46%	4.56%	-0.01%	-12.28%	1.52%
<b>Active employees:</b>					
Wages					7.40%
Social Security					8.90%
Retirement					6.63%
Group insurance for active employees					9.31%
Subtotal	11.62%	8.38%	8.87%	10.91%	10.49%
Other					
Total compensation for active employees					7.65%
<b>Retiree benefits: group insurance</b>					
Pay as you go amount					5.13%
Phase in of the Annual Required Contribution					0.00%
Total compensation for retired employees					5.13%
Total compensation for active and retired employees					7.54%

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT  
TAX SUPPORTED FUNDS, FY23 APPROVED BUDGET AND FY24 REQUEST**

Tax Supported Funds, FY23 Approved Budget	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears	752.7500	82.2500	13,525.3880	8,242.3825	82.6250	22,685.3955
<b>Active employees:</b>						
Wages	109,158,450	9,131,395	1,237,475,265	407,188,336	11,592,049	1,774,545,495
Social Security	7,585,534	663,031	94,692,791	32,065,722	729,375	135,736,453
Retirement	4,450,109	372,263	50,448,683	16,600,021	472,578	72,343,654
Group insurance for active employees	9,270,651	1,012,967	166,574,720	101,510,793	1,017,586	279,386,717
State Retirement Payment						65,344,987
Total compensation for active employees	130,464,744	11,179,656	1,549,191,459	557,364,872	13,811,588	2,327,357,306
<b>Retiree benefits: group insurance</b>						
Pay as you go amount						28,680,337
Total compensation for active and retired employees	130,464,744	11,179,656	1,549,191,459	557,364,872	13,811,588	2,356,037,643
Operating budget without debt service	N/A	N/A	N/A	N/A	N/A	2,738,317,513
Total compensation as % of total operating budget	N/A	N/A	N/A	N/A	N/A	86.04%
% General Wage Adjustment	3.35%	3.35%	3.35%	3.35%	3.35%	
Cost of General Wage Adjustment (wages, social security, retirement)	1,955,968	201,062	27,871,647	8,953,846	157,181	39,139,704
Cost of other Wage Adjustment: Step increases	895,230	166,337	26,592,640	8,076,441	89,179	35,819,827
Cost per 1% General Wage Adjustment (wages, social security, retirement)	583,871	60,019	8,319,895	2,672,790	46,920	11,683,495
Annualized cost of General Wage Adjustment (wages, social security, retirement): FY22 1.5% GWA (including employee related benefits)	1,088,303	105,695	13,579,074	4,735,863	21,347	19,530,282
Cost per furlough day (wages, social security)	N/A	N/A	N/A	N/A	N/A	N/A
Cost of increment for employees not at top of grade (wages, social security, retirement)	N/A	N/A	N/A	N/A	N/A	N/A
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	N/A	N/A	N/A	N/A	N/A	N/A
Annualized cost of increment for employees not at top of grade (wages, social security, retirement) FY22 Step and Longevity	984,613	151,649	21,923,353	8,329,423	34,105	31,423,143

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT  
TAX SUPPORTED FUNDS, FY23 APPROVED BUDGET AND FY24 REQUEST**

Tax Supported Funds, FY24 Request	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears	779.2500	82.5000	13,866.9397	8,431.2415	82.6250	23,242.5562
<b>Active employees:</b>						
Wages	127,692,101	10,705,606	1,371,230,921	443,417,033	12,287,572	1,965,333,233
Social Security	8,944,279	780,254	104,908,958	34,735,058	776,487	150,145,036
Retirement	4,811,952	403,430	51,673,500	16,709,738	463,045	74,061,665
Group insurance for active employees	10,236,540	1,083,753	182,161,779	110,756,161	1,085,395	305,323,628
State Retirement Payment						79,598,228
Total compensation for active employees	151,684,872	12,973,043	1,709,975,158	605,617,990	14,612,499	2,574,461,790
<b>Retiree benefits: group insurance</b>						
Pay as you go amount						28,680,337
Total compensation for active and retired employees	151,684,872	12,973,043	1,709,975,158	605,617,990	14,612,499	2,603,142,127
Operating budget without debt service	N/A	N/A	N/A	N/A	N/A	3,028,308,398
Total compensation as % of total operating budget	N/A	N/A	N/A	N/A	N/A	85.96%
% General Wage Adjustment*	6.0%	6.0%	6.0%	6.0%	6.0%	
Cost of General Wage Adjustment (wages, social security, retirement)	7,434,345	741,331	88,709,841	30,397,765	582,220	127,865,502
Cost of other Wage Adjustment: Step	1,204,369	196,816	30,976,597	9,167,084	112,673	41,657,539
Cost per 1% General Wage Adjustment (wages, social security, retirement)	1,239,058	123,555	14,784,974	5,066,294	97,037	21,310,917
Annualized cost of General Wage Adjustment (wages, social security, retirement): FY23 3.35% GWA 12/17/22	560,634	59,355	9,976,622	6,065,888	59,445	16,721,944
Cost per furlough day (wages, social security)	N/A	N/A	N/A	N/A	N/A	N/A
Cost of increment for employees not at top of grade (wages, social security, retirement)	N/A	N/A	N/A	N/A	N/A	N/A
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	N/A	N/A	N/A	N/A	N/A	N/A
Annualized cost of increment for employees not at top of grade (wages, social security, retirement): FY23 Step and Longevity 12/17/22	1,025,928	108,616	18,256,640	11,100,224	108,781	30,600,189

\*GWA percentage indicated is from the basis of the placeholder, not on FY24 negotiated salaries. As of 3/24/23, negotiations have not been finalized.

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT  
TAX SUPPORTED FUNDS, FY23 APPROVED BUDGET AND FY24 REQUEST**

Amount increase FY23-FY24	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears	26.5000	0.2500	341.5517	188.8590	0.0000	557.16
<b>Active employees:</b>						
Wages	18,533,651	1,574,211	133,755,656	36,228,697	695,523	190,787,738
Social Security	1,358,745	117,223	10,216,167	2,669,336	47,112	14,408,583
Retirement	361,843	31,167	1,224,817	109,717	(9,533)	1,718,011
Group insurance for active employees	965,889	70,786	15,587,059	9,245,368	67,809	25,936,911
State Retirement Payment						14,253,241
Total compensation for active employees	21,220,128	1,793,387	160,783,699	48,253,118	800,911	247,104,484
<b>Retiree benefits: group insurance</b>						
Pay as you go amount						0
Total compensation for active and retired employees	21,220,128	1,793,387	160,783,699	48,253,118	800,911	247,104,484
Percent increase FY23-FY24	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears	3.52%	0.30%	2.53%	2.29%	0.00%	2.46%
<b>Active employees:</b>						
Wages	16.98%	17.24%	10.81%	8.90%	6.00%	10.75%
Social Security	17.91%	17.68%	10.79%	8.32%	6.46%	10.62%
Retirement	8.13%	8.37%	2.43%	0.66%	-2.02%	2.37%
Group insurance for active employees	10.42%	6.99%	9.36%	9.11%	6.66%	9.28%
State Retirement Payment						21.81%
Total compensation for active employees	16.27%	16.04%	10.38%	8.66%	5.80%	10.62%
<b>Retiree benefits: group insurance</b>						
Pay as you go amount						0.00%
Total compensation for active and retired employees	16.27%	16.04%	10.38%	8.66%	5.80%	10.49%



**MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT**

Tax Supported Funds, FY23 Approved Budget	AAUP	AFSCME	ADM	ALL OTHER	TOTAL
Workyears	610.00	475.60	85.00	643.25	1,813.85
<b>Active employees:</b>					
Wages	54,407,266	27,408,489	12,773,796	87,363,759	181,953,310
Social Security	3,828,193	1,928,511	898,787	6,147,071	12,802,562
Retirement		1,000,000		925,000	1,925,000
Other Benefits (EAP, recognition awards, comp absences, etc)	1,159,002	903,641	161,500	1,222,177	3,446,320
Group insurance for active employees	5,311,041	4,140,871	740,063	5,600,536	15,792,511
Total compensation for active employees	64,705,502	35,381,512	14,574,147	101,258,543	215,919,703
<b>Retiree benefits: group insurance</b>					
Pay as you go amount	1,546,986	1,206,142	215,564	1,631,309	4,600,000
OPEB					
Total compensation for retired employees	1,546,986	1,206,142	215,564	1,631,309	4,600,000
Total compensation for active and retired employees	66,252,487	36,587,653	14,789,710	102,889,852	220,519,703
Operating budget without debt service					274,409,085
Total compensation as % of total operating budget					80.4%
% General Wage Adjustment	3.5%	3.5%	3.5%	3.5%	
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty	1,426,767	622,889	364,107	1,347,113	3,760,876
Cost of other Wage Adjustment					
Cost per 1% GWA (wages, social security, retirement)					
<b>Annualized</b> cost of GWA (wages, social security, retirement)	1,426,767	622,889	364,107	1,347,113	3,760,876
Cost per furlough day (wages, social security)	292,847	113,047	52,686	224,231	682,811
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)					
<b>Annualized</b> cost of increment for employees not at top of grade (wages, social security, retirement)					



**MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT**

Tax Supported Funds, FY24 Requested Budget	AAUP	AFSCME	ADM	ALL OTHER	TOTAL
Workyears	607.00	471.10	85.00	650.75	1,813.85
<b>Active employees:</b>					
Wages	53,870,582	27,014,353	14,110,111	88,081,323	183,076,369
Social Security	3,774,607	1,892,843	988,668	6,171,688	12,827,807
Retirement		1,000,000		925,000	1,925,000
Other Benefits (EAP, recognition awards, comp absences, etc)	1,153,302	895,091	161,500	1,236,427	3,446,320
Group insurance for active employees	5,302,992	4,115,716	742,594	5,685,209	15,846,511
Total compensation for active employees	64,101,483	34,918,004	16,002,873	102,099,647	217,122,007
<b>Retiree benefits: group insurance</b>					
Pay as you go amount	1,539,378	1,194,729	215,564	1,650,329	4,600,000
OPEB					
Total compensation for retired employees	1,539,378	1,194,729	215,564	1,650,329	4,600,000
Total compensation for active and retired employees	65,640,861	36,112,733	16,218,437	103,749,976	221,722,007
Operating budget without debt service					280,235,062
Total compensation as % of total operating budget					79.1%
% General Wage Adjustment	\$2700 + 3%	6.0%	6.0%	6.0%	
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty	351,609	272,888	49,237	376,952	1,050,686
Cost of other Wage Adjustment					
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty					
<b>Annualized</b> cost of GWA (wages, social security, retirement)					
Cost per furlough day (wages, social security)					
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)					
<b>Annualized</b> cost of increment for employees not at top of grade (wages, social security, retirement)					

**MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT**

Amount increase FY23-FY24	AAUP	AFSCME	ADM	ALL OTHER	TOTAL
Workyears	(3.00)	(4.50)	-	7.50	0
<b>Active employees:</b>					
Wages	(536,684)	(394,136)	1,336,315	717,564	1,123,059
Social Security	(53,586)	(35,667)	89,881	24,617	25,245
Retirement	-	-	-	-	-
Other Benefits (EAP, recognition awards, comp absences, etc)	(5,700)	(8,550)	-	14,250	-
Group insurance for active employees	(8,049)	(25,155)	2,531	84,673	54,000
Total compensation for active employees	(604,019)	(463,508)	1,428,726	841,104	1,202,304
<b>Retiree benefits: group insurance</b>					
Pay as you go amount	(7,608)	(11,412)	-	19,020	-
Phase in of the Annual Required Contribution					
Total compensation for retired employees	(7,608)	(11,412)	-	19,020	-
Total compensation for active and retired employees	(611,627)	(474,920)	1,428,726	860,124	1,202,304
Percent increase FY23-FY24	AAUP	AFSCME	ADM	ALL OTHER	TOTAL
Workyears	-0.49%	-0.95%	0.00%	1.17%	0.00%
<b>Active employees:</b>					
Wages	-0.99%	-1.44%	10.46%	0.82%	0.62%
Social Security	-1.40%	-1.85%	10.00%	0.40%	0.20%
Retirement		0.00%		0.00%	0.00%
Other Benefits (EAP, recognition awards, comp absences, etc)	-0.49%	-0.95%	0.00%	1.17%	0.00%
Group insurance for active employees	-0.15%	-0.61%	0.34%	1.51%	0.34%
Total compensation for active employees	-0.93%	-1.31%	9.80%	0.83%	0.56%
<b>Retiree benefits: group insurance</b>					
Pay as you go amount	-0.49%	-0.95%	0.00%	1.17%	0.00%
Phase in of the Annual Required Contribution					
Total compensation for retired employees	-0.49%	-0.95%	0.00%	1.17%	0.00%
Total compensation for active and retired employees	-0.92%	-1.30%	9.66%	0.84%	0.55%

**MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT**

Tax Supported Funds, FY23 Approved Budget	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	87.00	310.14	577.29	974.43
<b>Active employees:</b>				
Wages	8,933,918	19,169,467	64,709,665	92,813,050
Social Security	116,041	1,344,034	4,524,433	5,984,508
Retirement	1,610,958	1,882,050	6,767,947	10,260,955
Group insurance for active employees	1,412,226	4,720,366	10,673,079	16,805,671
Total compensation for active employees	12,073,143	27,115,917	86,675,124	125,864,184
<b>Retiree benefits: group insurance</b>				
Pay as you go amount	403,400	1,507,003	2,979,289	4,889,692
OPEB pre-funding	303,947	1,135,473	2,244,788	3,684,208
Total compensation for retired employees	707,347	2,642,476	5,224,077	8,573,900
Total compensation for active and retired employees*	12,780,490	29,758,393	91,899,201	134,438,084
Operating budget without debt service*				154,422,155
Total compensation as % of total operating budget				87.1%
% General Wage Adjustment	8.00%	3.50%	3.50%	
Cost of General Wage Adjustment (wages, social security) <b>SEE NOTE 1</b>	217,835	24,314	1,849,432	2,091,582
Cost of other Wage Adjustment (wages, social security) <b>SEE NOTE 1A</b>	151,029	0	0	151,029
Cost per 1% General Wage Adjustment (wages, social security)	75,514	180,650	639,104	895,268
Cost per furlough day (wages, social security)	34,808	78,898	266,285	379,991
Cost of increments for employees not at top of grade (wages, social security) <b>SEE NOTE 2</b>	110,676	210,009	541,341	862,025
Cost of 1% increment for employees not at top of grade (wages, social security) <b>SEE NOTE 2</b>	31,648	61,613	179,359	272,621

**NOTE 1:** FY23 COLA 6% for FOP and Command Staff (1% effective Nov 13, 2022, 5% effective June 11, 2023); 3.5% for MCGEO effective June 11, 2023; 3.5% for NonRep effective September 4, 2022.

**NOTE 1A:** Entry scale shift up by 2% for FOP effective July 1, 2022.

**NOTE 2:** 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, FY24 Request	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	86.00	314.14	588.53	988.67
<b>Active employees:</b>				
Wages	9,338,010	19,949,123	72,150,869	101,438,002
Social Security	121,482	1,411,672	5,176,108	6,709,262
Retirement	1,859,813	1,923,535	7,564,924	11,348,272
Group insurance for active employees	1,560,748	5,137,951	12,372,248	19,070,947
Total compensation for active employees	12,880,053	28,422,281	97,264,149	138,566,483
<b>Retiree benefits: group insurance</b>				
Pay as you go amount	407,471	1,488,406	3,133,926	5,029,803
OPEB pre-funding	269,589	984,751	2,073,451	3,327,791
Total compensation for retired employees	677,060	2,473,158	5,207,377	8,357,594
Total compensation for active and retired employees	13,557,113	30,895,439	102,471,526	146,924,077
Operating budget without debt service				168,830,249
Total compensation as % of total operating budget				87.0%
% General Wage Adjustment	<b>NOTE 3</b>	<b>NOTE 3</b>	<b>NOTE 3</b>	
Cost of General Wage Adjustment (wages, social security)	<b>NOTE 3</b>	<b>NOTE 3</b>	<b>NOTE 3</b>	
Cost of other Wage Adjustment (wages, social security)				0
Cost per 1% General Wage Adjustment (wages, social security)	79,119	185,438	704,883	969,439
Cost per furlough day (wages, social security)	36,383	82,157	297,411	415,951
Cost of increments for employees not at top of grade (wages, social security)	<b>NOTE 3</b>	<b>NOTE 3</b>	<b>NOTE 3</b>	
Cost of 1% increment for employees not at top of grade (wages, social security) <b>SEE NOTE 2</b>	31,167	52,353	208,000	291,521

**NOTE 3:** \$6,859,816 has been included as a dollar marker for an increase to employee compensation in the FY24 Proposed Budget for the Admin and Park Funds. We are in full contract negotiations with the FOP, and a wage and benefit reopener with MCGEO for FY24.

**MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT**

Amount increase FY23-FY24	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	(1)	4	11	14
<b>Active employees:</b>				
Wages	404,092	779,656	7,441,204	8,624,952
Social Security	5,441	67,638	651,675	724,754
Retirement	248,855	41,485	796,977	1,087,317
Group insurance for active employees	148,522	417,585	1,699,169	2,265,276
Total compensation for active employees	806,910	1,306,364	10,589,025	12,702,299
<b>Retiree benefits: group insurance</b>				
Pay as you go amount	4,071	(18,597)	154,636	140,111
OPEB pre-funding	(34,358)	(150,722)	(171,337)	(356,417)
Total compensation for retired employees	(30,287)	(169,318)	(16,701)	(216,306)
Total compensation for active and retired employees				12,485,993

Percent increase FY23-FY24	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	-1.1%	1.3%	1.9%	1.5%
<b>Active employees:</b>				
Wages	4.5%	4.1%	11.5%	9.3%
Social Security	4.7%	5.0%	14.4%	12.1%
Retirement	15.4%	2.2%	11.8%	10.6%
Group insurance for active employees	10.5%	8.8%	15.9%	13.5%
Total compensation for active employees	6.7%	4.8%	12.2%	10.1%
<b>Retiree benefits: group insurance</b>				
Pay as you go amount	1.0%	-1.2%	5.2%	2.9%
OPEB pre-funding	-11.3%	-13.3%	-7.6%	-9.7%
Total compensation for retired employees	-4.3%	-6.4%	-0.3%	-2.5%
Total compensation for active and retired employees				9.3%

\*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  
GENERAL SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JULY 2, 2023  
NEW 16-YEAR LONGEVITY**

GRADE	MINIMUM	MIDPOINT	MAXIMUM	16 YEAR PERFORMANCE LONGEVITY (3.25%)	20 YEAR PERFORMANCE LONGEVITY (3.25%)
N5	\$38,505	\$44,463	\$50,421	\$52,060	\$53,752
N6	\$38,505	\$45,388	\$52,272	\$53,971	\$55,725
N7	\$38,505	\$46,377	\$54,249	\$56,012	\$57,832
N8	\$38,505	\$47,474	\$56,443	\$58,277	\$60,171
N9	\$39,505	\$49,128	\$58,751	\$60,660	\$62,631
N10	\$40,848	\$51,044	\$61,240	\$63,230	\$65,285
N11	\$42,257	\$53,048	\$63,839	\$65,914	\$68,056
N12	\$43,724	\$55,148	\$66,572	\$68,736	\$70,970
N13	\$45,278	\$57,360	\$69,442	\$71,699	\$74,029
N14	\$46,910	\$59,687	\$72,463	\$74,818	\$77,250
N15	\$48,618	\$62,119	\$75,621	\$78,079	\$80,617
N16	\$50,438	\$64,693	\$78,947	\$81,513	\$84,162
N17	\$52,453	\$67,445	\$82,436	\$85,115	\$87,881
N18	\$54,583	\$70,343	\$86,103	\$88,901	\$91,790
N19	\$56,872	\$73,410	\$89,948	\$92,871	\$95,889
N20	\$59,263	\$76,624	\$93,986	\$97,041	\$100,195
N21	\$61,788	\$80,008	\$98,228	\$101,420	\$104,716
N22	\$64,426	\$83,554	\$102,682	\$106,019	\$109,465
N23	\$67,206	\$87,287	\$107,367	\$110,856	\$114,459
N24	\$70,119	\$91,193	\$112,267	\$115,916	\$119,683
N25	\$73,173	\$95,299	\$117,424	\$121,240	\$125,180
N26	\$76,394	\$99,618	\$122,842	\$126,834	\$130,956
N27	\$79,743	\$104,137	\$128,531	\$132,708	\$137,021
N28	\$83,052	\$108,776	\$134,500	\$138,871	\$143,384
N29	\$86,527	\$113,647	\$140,767	\$145,342	\$150,066
N30	\$90,182	\$118,768	\$147,354	\$152,143	\$157,088
N31	\$94,016	\$124,141	\$154,265	\$159,279	\$164,456
N32	\$98,037	\$128,419	\$158,802	\$163,963	\$169,292
N33	\$102,263	\$132,803	\$163,342	\$168,651	\$174,132
N34	\$106,704	\$137,294	\$167,884	\$173,340	\$178,974
N35	\$111,367	\$141,896	\$172,424	\$178,028	\$183,814
N36	\$116,264	\$146,615	\$176,966	\$182,717	\$188,655
N37	\$121,399	\$151,450	\$181,501	\$187,400	\$193,491
N38	\$126,794	\$156,166	\$185,538	\$191,568	\$197,794
N39	\$132,460	\$160,320	\$188,181	\$194,297	\$200,612
N40	\$138,409	\$164,616	\$190,823	\$197,025	\$203,428

**FY24 Notes:**

- 1) A performance-based longevity 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 16 or 20 years of service.
- 2) No retroactive pay for updated longevity.

**MONTGOMERY COUNTY GOVERNMENT  
GENERAL SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JANUARY 14, 2024  
GWA: 3% INCREASE**

GRADE	MINIMUM	MIDPOINT	MAXIMUM	16 YEAR PERFORMANCE LONGEVITY (3.25%)	20 YEAR PERFORMANCE LONGEVITY (3.25%)
N5	\$39,660	\$45,797	\$51,934	\$53,622	\$55,365
N6	\$39,660	\$46,750	\$53,840	\$55,590	\$57,397
N7	\$39,660	\$47,768	\$55,876	\$57,692	\$59,567
N8	\$39,660	\$48,898	\$58,136	\$60,025	\$61,976
N9	\$40,690	\$50,602	\$60,514	\$62,480	\$64,510
N10	\$42,073	\$52,575	\$63,077	\$65,127	\$67,244
N11	\$43,525	\$54,639	\$65,754	\$67,891	\$70,098
N12	\$45,036	\$56,802	\$68,569	\$70,798	\$73,099
N13	\$46,636	\$59,081	\$71,525	\$73,850	\$76,250
N14	\$48,317	\$61,478	\$74,637	\$77,063	\$79,568
N15	\$50,077	\$63,983	\$77,890	\$80,421	\$83,036
N16	\$51,951	\$66,634	\$81,315	\$83,958	\$86,687
N17	\$54,027	\$69,468	\$84,909	\$87,668	\$90,517
N18	\$56,220	\$72,453	\$88,686	\$91,568	\$94,544
N19	\$58,578	\$75,612	\$92,646	\$95,657	\$98,766
N20	\$61,041	\$78,923	\$96,806	\$99,952	\$103,201
N21	\$63,642	\$82,408	\$101,175	\$104,463	\$107,857
N22	\$66,359	\$86,061	\$105,762	\$109,200	\$112,749
N23	\$69,222	\$89,906	\$110,588	\$114,182	\$117,893
N24	\$72,223	\$93,929	\$115,635	\$119,393	\$123,273
N25	\$75,368	\$98,158	\$120,947	\$124,877	\$128,935
N26	\$78,686	\$102,607	\$126,527	\$130,639	\$134,885
N27	\$82,135	\$107,261	\$132,387	\$136,689	\$141,132
N28	\$85,544	\$112,039	\$138,535	\$143,037	\$147,686
N29	\$89,123	\$117,056	\$144,990	\$149,702	\$154,568
N30	\$92,887	\$122,331	\$151,775	\$156,707	\$161,801
N31	\$96,836	\$127,865	\$158,893	\$164,057	\$169,390
N32	\$100,978	\$132,272	\$163,566	\$168,882	\$174,371
N33	\$105,331	\$136,787	\$168,242	\$173,711	\$179,356
N34	\$109,905	\$141,413	\$172,921	\$178,540	\$184,343
N35	\$114,708	\$146,153	\$177,597	\$183,369	\$189,328
N36	\$119,752	\$151,013	\$182,275	\$188,199	\$194,315
N37	\$125,041	\$155,994	\$186,946	\$193,022	\$199,296
N38	\$130,598	\$160,851	\$191,104	\$197,315	\$203,728
N39	\$136,434	\$165,130	\$193,826	\$200,126	\$206,630
N40	\$142,561	\$169,554	\$196,548	\$202,936	\$209,531

**MONTGOMERY COUNTY GOVERNMENT  
GENERAL SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JUNE 16, 2024  
GWA: 3% INCREASE**

GRADE	MINIMUM	MIDPOINT	MAXIMUM	16 YEAR PERFORMANCE LONGEVITY (3.25%)	20 YEAR PERFORMANCE LONGEVITY (3.25%)
N5	\$40,850	\$47,171	\$53,492	\$55,231	\$57,026
N6	\$40,850	\$48,153	\$55,455	\$57,258	\$59,119
N7	\$40,850	\$49,201	\$57,552	\$59,423	\$61,354
N8	\$40,850	\$50,365	\$59,880	\$61,826	\$63,835
N9	\$41,911	\$52,120	\$62,329	\$64,354	\$66,445
N10	\$43,335	\$54,152	\$64,969	\$67,081	\$69,261
N11	\$44,831	\$56,278	\$67,727	\$69,928	\$72,201
N12	\$46,387	\$58,506	\$70,626	\$72,922	\$75,292
N13	\$48,035	\$60,853	\$73,671	\$76,066	\$78,538
N14	\$49,767	\$63,322	\$76,876	\$79,375	\$81,955
N15	\$51,579	\$65,902	\$80,227	\$82,834	\$85,527
N16	\$53,510	\$68,633	\$83,754	\$86,477	\$89,288
N17	\$55,648	\$71,552	\$87,456	\$90,298	\$93,233
N18	\$57,907	\$74,627	\$91,347	\$94,315	\$97,380
N19	\$60,335	\$77,880	\$95,425	\$98,527	\$101,729
N20	\$62,872	\$81,291	\$99,710	\$102,951	\$106,297
N21	\$65,551	\$84,880	\$104,210	\$107,597	\$111,093
N22	\$68,350	\$88,643	\$108,935	\$112,476	\$116,131
N23	\$71,299	\$92,603	\$113,906	\$117,607	\$121,430
N24	\$74,390	\$96,747	\$119,104	\$122,975	\$126,971
N25	\$77,629	\$101,103	\$124,575	\$128,623	\$132,803
N26	\$81,047	\$105,685	\$130,323	\$134,558	\$138,932
N27	\$84,599	\$110,479	\$136,359	\$140,790	\$145,366
N28	\$88,110	\$115,400	\$142,691	\$147,328	\$152,117
N29	\$91,797	\$120,568	\$149,340	\$154,193	\$159,205
N30	\$95,674	\$126,001	\$156,328	\$161,408	\$166,655
N31	\$99,741	\$131,701	\$163,660	\$168,979	\$174,472
N32	\$104,007	\$136,240	\$168,473	\$173,948	\$179,602
N33	\$108,491	\$140,891	\$173,289	\$178,922	\$184,737
N34	\$113,202	\$145,655	\$178,109	\$183,896	\$189,873
N35	\$118,149	\$150,538	\$182,925	\$188,870	\$195,008
N36	\$123,345	\$155,543	\$187,743	\$193,845	\$200,144
N37	\$128,792	\$160,674	\$192,554	\$198,813	\$205,275
N38	\$134,516	\$165,677	\$196,837	\$203,234	\$209,840
N39	\$140,527	\$170,084	\$199,641	\$206,130	\$212,829
N40	\$146,838	\$174,641	\$202,444	\$209,024	\$215,817

**MONTGOMERY COUNTY GOVERNMENT  
OFFICE, PROFESSIONAL & TECHNICAL AND SERVICE,  
LABOR, AND TRADES (MCGEO OPT/SLT) BARGAINING  
FISCAL YEAR 2024**

**EFFECTIVE JULY 2, 2023  
NEW LONGEVITY UPDATES**

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

**MONTGOMERY COUNTY GOVERNMENT  
OFFICE, PROFESSIONAL & TECHNICAL AND SERVICE,  
LABOR, AND TRADES (MCGEO OPT/SLT) BARGAINING  
FISCAL YEAR 2024**

**EFFECTIVE JANUARY 14, 2024  
GWA: 3% INCREASE**

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

**MONTGOMERY COUNTY GOVERNMENT  
OFFICE, PROFESSIONAL & TECHNICAL AND SERVICE,  
LABOR, AND TRADES (MCGEO OPT/SLT) BARGAINING  
FISCAL YEAR 2024**

**EFFECTIVE JUNE 16, 2024  
GWA: 3% INCREASE**

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

**FY24 Notes:**

1) No retroactive pay for updated longevity.

**MONTGOMERY COUNTY GOVERNMENT  
POLICE BARGAINING UNIT UNIFORM SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JULY 2, 2023**

**GWA: 4% INCREASE**

STEP	YEAR	PO I (P1, P2)	PO II (P3)	PO III (P4)	MPO (P5)	SGT (A1)
0	1	\$62,676	\$65,811	\$69,102	\$72,558	\$79,815
1	2	\$64,872	\$68,117	\$71,522	\$75,097	\$82,608
2	3	\$67,142	\$70,498	\$74,027	\$77,730	\$85,500
3	4	\$69,491	\$72,967	\$76,618	\$80,447	\$88,492
4	5	\$71,923	\$75,522	\$79,299	\$83,266	\$91,592
5	6	\$74,445	\$78,167	\$82,078	\$86,181	\$94,797
6	7	\$77,052	\$80,904	\$84,949	\$89,197	\$98,117
7	8	\$79,747	\$83,734	\$87,921	\$92,319	\$101,550
8	9	\$82,540	\$86,665	\$91,002	\$95,550	\$105,106
9	10	\$85,427	\$89,700	\$94,186	\$98,896	\$108,785
10	11	\$88,418	\$92,841	\$97,484	\$102,359	\$112,592
11	12	\$91,516	\$96,090	\$100,897	\$105,942	\$116,533
12	13	\$94,718	\$99,451	\$104,428	\$109,649	\$120,612
13	14	\$98,036	\$102,936	\$108,084	\$113,488	\$124,833
<b>15 YEAR LONGEVITY (3.5%)</b>	<b>16+</b>	\$101,467	\$106,539	\$111,867	\$117,461	\$129,202
<b>17 YEAR LONGEVITY (3.5%)</b>	<b>18+</b>	\$105,018	\$110,267	\$115,782	\$121,572	\$133,724
<b>20 YEAR LONGEVITY (3.5%)</b>	<b>21+</b>	\$108,694	\$114,126	\$119,835	\$125,826	\$138,405

**FY24 Notes:**

1) Police Officer Candidate (P1) salary starts at the PO I - Step 0, but may be higher based on lateral transfer experience.

**MONTGOMERY COUNTY GOVERNMENT  
POLICE BARGAINING UNIT UNIFORM SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JANUARY 14, 2024**

**GWA: 3% INCREASE**

STEP	YEAR	PO I (P1, P2)	PO II (P3)	PO III (P4)	MPO (P5)	SGT (A1)
0	1	\$64,556	\$67,785	\$71,175	\$74,735	\$82,209
1	2	\$66,818	\$70,161	\$73,668	\$77,350	\$85,086
2	3	\$69,156	\$72,613	\$76,248	\$80,062	\$88,065
3	4	\$71,576	\$75,156	\$78,917	\$82,860	\$91,147
4	5	\$74,081	\$77,788	\$81,678	\$85,764	\$94,340
5	6	\$76,678	\$80,512	\$84,540	\$88,766	\$97,641
6	7	\$79,364	\$83,331	\$87,497	\$91,873	\$101,061
7	8	\$82,139	\$86,246	\$90,559	\$95,089	\$104,597
8	9	\$85,016	\$89,265	\$93,732	\$98,417	\$108,259
9	10	\$87,990	\$92,391	\$97,012	\$101,863	\$112,049
10	11	\$91,071	\$95,626	\$100,409	\$105,430	\$115,970
11	12	\$94,261	\$98,973	\$103,924	\$109,120	\$120,029
12	13	\$97,560	\$102,435	\$107,561	\$112,938	\$124,230
13	14	\$100,977	\$106,024	\$111,327	\$116,893	\$128,578
<b>15 YEAR LONGEVITY (3.5%)</b>	<b>16+</b>	\$104,511	\$109,735	\$115,223	\$120,985	\$133,078
<b>17 YEAR LONGEVITY (3.5%)</b>	<b>18+</b>	\$108,169	\$113,575	\$119,255	\$125,219	\$137,736
<b>20 YEAR LONGEVITY (3.5%)</b>	<b>21+</b>	\$111,955	\$117,550	\$123,430	\$129,601	\$142,557



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

**FISCAL YEAR 2024**

**EFFECTIVE JULY 2, 2023**

**GWA: 4% INCREASE**

PAY BAND	PLS RANK	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
<b>A2</b>	POLICE LIEUTENANT	\$90,988	\$127,873	\$157,382	\$164,759
<b>A3</b>	POLICE CAPTAIN	\$105,605	\$147,894	\$181,727	\$190,185

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

**FISCAL YEAR 2024**

**EFFECTIVE JANUARY 14, 2024**

**GWA: 3% INCREASE**

PAY BAND	PLS RANK	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
<b>A2</b>	POLICE LIEUTENANT	\$93,718	\$131,709	\$162,104	\$169,702
<b>A3</b>	POLICE CAPTAIN	\$108,773	\$152,331	\$187,179	\$195,891

**MONTGOMERY COUNTY GOVERNMENT  
 FIRE/RESCUE BARGAINING UNIT SALARY SCHEDULE  
 FISCAL YEAR 2024  
 EFFECTIVE JULY 2, 2023  
 GRADE UPDATES**

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	\$56,311	\$59,127	\$62,085	\$68,294	\$75,129	\$84,717
B	\$58,284	\$61,198	\$64,259	\$70,685	\$77,759	\$87,684
C	\$60,323	\$63,341	\$66,507	\$73,158	\$80,481	\$90,752
D	\$62,435	\$65,559	\$68,836	\$75,720	\$83,297	\$93,930
E	\$64,621	\$67,852	\$71,245	\$78,370	\$86,214	\$97,217
F	\$66,883	\$70,228	\$73,741	\$81,113	\$89,233	\$100,620
G	\$69,225	\$72,688	\$76,323	\$83,953	\$92,354	\$104,142
H	\$71,649	\$75,232	\$78,993	\$86,890	\$95,589	\$107,788
I	\$74,156	\$77,866	\$81,758	\$89,933	\$98,935	\$111,562
J	\$76,752	\$80,591	\$84,620	\$93,081	\$102,399	\$115,465
K	\$79,439	\$83,410	\$87,583	\$96,337	\$105,984	\$119,508
L	\$82,219	\$86,330	\$90,650	\$99,711	\$109,694	\$123,691
M	\$85,097	\$89,354	\$93,824	\$103,202	\$113,532	\$128,022
<b>17 YEAR LONGEVITY (3.5%)</b>	\$88,076	\$92,482	\$97,108	\$106,814	\$117,506	\$132,502
<b>20 YEAR LONGEVITY (3.5%)</b>	\$91,158	\$95,719	\$100,506	\$110,552	\$121,619	\$137,140
<b>24 YEAR LONGEVITY (3.5%)</b>	\$94,349	\$99,069	\$104,024	\$114,422	\$125,875	\$141,940

**FY24 Notes:**

1) The first 2 steps were removed (previously A and B) from the FY23 schedule, and the remaining steps have been re-lettered A through M. Employees will be placed on the step commensurate with their years of service.

**MONTGOMERY COUNTY GOVERNMENT  
 FIRE/RESCUE BARGAINING UNIT SALARY SCHEDULE  
 FISCAL YEAR 2024  
 EFFECTIVE JULY 16, 2023  
 GWA: 3.2% INCREASE**

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	\$58,113	\$61,019	\$64,072	\$70,479	\$77,533	\$87,428
B	\$60,149	\$63,156	\$66,315	\$72,947	\$80,247	\$90,490
C	\$62,253	\$65,368	\$68,635	\$75,499	\$83,056	\$93,656
D	\$64,433	\$67,657	\$71,039	\$78,143	\$85,963	\$96,936
E	\$66,689	\$70,023	\$73,525	\$80,878	\$88,973	\$100,328
F	\$69,023	\$72,475	\$76,101	\$83,709	\$92,088	\$103,840
G	\$71,440	\$75,014	\$78,765	\$86,639	\$95,309	\$107,475
H	\$73,942	\$77,639	\$81,521	\$89,670	\$98,648	\$111,237
I	\$76,529	\$80,358	\$84,374	\$92,811	\$102,101	\$115,132
J	\$79,208	\$83,170	\$87,328	\$96,060	\$105,676	\$119,160
K	\$81,981	\$86,079	\$90,386	\$99,420	\$109,375	\$123,332
L	\$84,850	\$89,093	\$93,551	\$102,902	\$113,204	\$127,649
M	\$87,820	\$92,213	\$96,826	\$106,504	\$117,165	\$132,119
<b>17 YEAR LONGEVITY (3.5%)</b>	\$90,894	\$95,441	\$100,215	\$110,232	\$121,266	\$136,742
<b>20 YEAR LONGEVITY (3.5%)</b>	\$94,075	\$98,782	\$103,722	\$114,090	\$125,511	\$141,528
<b>24 YEAR LONGEVITY (3.5%)</b>	\$97,368	\$102,239	\$107,353	\$118,084	\$129,903	\$146,482

**MONTGOMERY COUNTY GOVERNMENT  
 FIRE/RESCUE MANAGEMENT SALARY SCHEDULE  
 FISCAL YEAR 2023  
 EFFECTIVE JULY 1, 2023**

GRADE	RANK	MINIMUM	MAXIMUM	17 YEAR LONGEVITY (3.5%)	20 YEAR LONGEVITY (3.5%)	24 YEAR LONGEVITY (3.5%)
<b>B3</b>	FIRE/RESCUE BATTALION CHIEF	\$88,692	\$147,391	\$152,550	\$157,889	\$163,415
<b>B4</b>	FIRE/RESCUE ASSISTANT CHIEF	\$96,856	\$162,118	\$167,792	\$173,665	\$179,743
<b>B6</b>	FIRE/RESCUE DIVISION CHIEF	\$110,717	\$183,817	\$190,250	\$196,909	\$203,801

**MONTGOMERY COUNTY GOVERNMENT  
 FIRE/RESCUE MANAGEMENT SALARY SCHEDULE  
 FISCAL YEAR 2024  
 EFFECTIVE JULY 16, 2023  
 GWA: 3.2% INCREASE**

GRADE	RANK	MINIMUM	MAXIMUM	17 YEAR LONGEVITY (3.5%)	20 YEAR LONGEVITY (3.5%)	24 YEAR LONGEVITY (3.5%)
<b>B3</b>	FIRE/RESCUE BATTALION CHIEF	\$91,530	\$152,108	\$157,432	\$162,941	\$168,644
<b>B4</b>	FIRE/RESCUE ASSISTANT CHIEF	\$99,955	\$167,306	\$173,161	\$179,222	\$185,495
<b>B6</b>	FIRE/RESCUE DIVISION CHIEF	\$114,260	\$189,699	\$196,338	\$203,210	\$210,323

**MONTGOMERY COUNTY GOVERNMENT  
MANAGEMENT LEADERSHIP SERVICE SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JULY 1, 2023**

PAY BAND	MLS LEVEL	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
<b>M1</b>	MANAGEMENT LEVEL I	\$113,017	\$154,538	\$187,755	\$196,059
<b>M2</b>	MANAGEMENT LEVEL II	\$99,584	\$137,728	\$168,244	\$175,873
<b>M3</b>	MANAGEMENT LEVEL III	\$86,401	\$119,670	\$146,286	\$152,940

**MONTGOMERY COUNTY GOVERNMENT  
MANAGEMENT LEADERSHIP SERVICE SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JANUARY 14, 2024  
GWA: 3% INCREASE**

PAY BAND	MLS LEVEL	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
<b>M1</b>	MANAGEMENT LEVEL I	\$116,408	\$159,174	\$193,387	\$201,941
<b>M2</b>	MANAGEMENT LEVEL II	\$102,572	\$141,860	\$173,291	\$181,149
<b>M3</b>	MANAGEMENT LEVEL III	\$88,993	\$123,260	\$150,675	\$157,528

**MONTGOMERY COUNTY GOVERNMENT  
MANAGEMENT LEADERSHIP SERVICE SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JUNE 16, 2024  
GWA: 3% INCREASE**

PAY BAND	MLS LEVEL	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
<b>M1</b>	MANAGEMENT LEVEL I	\$119,900	\$163,949	\$199,189	\$207,999
<b>M2</b>	MANAGEMENT LEVEL II	\$105,649	\$146,116	\$178,490	\$186,584
<b>M3</b>	MANAGEMENT LEVEL III	\$91,663	\$126,958	\$155,195	\$162,254

**MONTGOMERY COUNTY GOVERNMENT  
CORRECTIONAL OFFICER UNIFORM SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JULY 2, 2023  
NEW LONGEVITY UPDATES**

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

**MONTGOMERY COUNTY GOVERNMENT  
CORRECTIONAL OFFICER UNIFORM SALARY SCHEDULE  
FISCAL YEAR 2023**

**EFFECTIVE JANUARY 14, 2024  
GWA: 3% INCREASE**

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

**MONTGOMERY COUNTY GOVERNMENT  
CORRECTIONAL OFFICER UNIFORM SALARY SCHEDULE  
FISCAL YEAR 2023**

**EFFECTIVE JUNE 16, 2024  
GWA: 3% INCREASE**

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

**FY24 Notes:**

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

**MONTGOMERY COUNTY GOVERNMENT  
UNIFORMED CORRECTIONAL MANAGEMENT SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JULY 2, 2023  
NEW LONGEVITY UPDATES**

GRADE	RANK	MINIMUM	MAXIMUM	16 YEAR LONGEVITY (3.5%)	20 YEAR LONGEVITY (3.5%)	25 YEAR LONGEVITY (3.5%)
<b>C1</b>	CORRECTIONAL SHIFT COMMANDER (LT)	\$73,510	\$115,279	\$119,314	\$123,490	\$127,812
<b>C2</b>	CORRECTIONAL TEAM LEADER (CAPT)	\$80,261	\$126,207	\$130,624	\$135,196	\$139,928

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

**MONTGOMERY COUNTY GOVERNMENT  
UNIFORMED CORRECTIONAL MANAGEMENT SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JANUARY 14, 2024  
GWA: 3% INCREASE**

GRADE	RANK	MINIMUM	MAXIMUM	16 YEAR LONGEVITY (3.5%)	20 YEAR LONGEVITY (3.5%)	25 YEAR LONGEVITY (3.5%)
<b>C1</b>	CORRECTIONAL SHIFT COMMANDER (LT)	\$75,715	\$118,737	\$122,893	\$127,194	\$131,646
<b>C2</b>	CORRECTIONAL TEAM LEADER (CAPT)	\$82,669	\$129,993	\$134,543	\$139,252	\$144,126

**MONTGOMERY COUNTY GOVERNMENT  
UNIFORMED CORRECTIONAL MANAGEMENT SALARY SCHEDULE  
FISCAL YEAR 2024  
EFFECTIVE JUNE 16, 2024  
GWA: 3% INCREASE**

GRADE	RANK	MINIMUM	MAXIMUM	16 YEAR LONGEVITY (3.5%)	20 YEAR LONGEVITY (3.5%)	25 YEAR LONGEVITY (3.5%)
<b>C1</b>	CORRECTIONAL SHIFT COMMANDER (LT)	\$77,987	\$122,299	\$126,580	\$131,010	\$135,596
<b>C2</b>	CORRECTIONAL TEAM LEADER (CAPT)	\$85,149	\$133,893	\$138,579	\$143,430	\$148,450

**MONTGOMERY COUNTY GOVERNMENT  
DEPUTY SHERIFF UNIFORM SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JULY 2, 2023  
NEW LONGEVITY UPDATES**

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

**MONTGOMERY COUNTY GOVERNMENT  
DEPUTY SHERIFF UNIFORM SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JANUARY 14, 2024  
GWA: 3% INCREASE**

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

**MONTGOMERY COUNTY GOVERNMENT  
DEPUTY SHERIFF UNIFORM SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JUNE 16, 2024  
GWA: 3% INCREASE**

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

**FY24 Notes:**

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

**MONTGOMERY COUNTY GOVERNMENT  
DEPUTY SHERIFF MANAGEMENT SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JULY 2, 2023  
NEW LONGEVITY UPDATES**

GRADE	RANK	MINIMUM	MAXIMUM	16 YEAR LONGEVITY (3.5%)	20 YEAR LONGEVITY (3.5%)	25 YEAR LONGEVITY (3.5%)
D2	DEPUTY SHERIFF LIEUTENANT	\$77,716	\$122,092	\$126,365	\$130,788	\$135,366
D3	DEPUTY SHERIFF CAPTAIN	\$92,057	\$146,204	\$151,321	\$156,617	\$162,099
D4	DEPUTY SHERIFF COLONEL	\$104,963	\$167,739	\$173,610	\$179,686	\$185,975

**FY24 Notes:**

1) No retroactive pay for updated longevity.

**MONTGOMERY COUNTY GOVERNMENT  
DEPUTY SHERIFF MANAGEMENT SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JANUARY 14, 2024  
GWA: 3% INCREASE**

GRADE	RANK	MINIMUM	MAXIMUM	16 YEAR LONGEVITY (3.5%)	20 YEAR LONGEVITY (3.5%)	25 YEAR LONGEVITY (3.5%)
D2	DEPUTY SHERIFF LIEUTENANT	\$80,047	\$125,755	\$130,156	\$134,712	\$139,427
D3	DEPUTY SHERIFF CAPTAIN	\$94,819	\$150,590	\$155,861	\$161,316	\$166,962
D4	DEPUTY SHERIFF COLONEL	\$108,112	\$172,771	\$178,818	\$185,077	\$191,554

**MONTGOMERY COUNTY GOVERNMENT  
DEPUTY SHERIFF MANAGEMENT SALARY SCHEDULE  
FISCAL YEAR 2024**

**EFFECTIVE JUNE 16, 2024  
GWA: 3% INCREASE**

GRADE	RANK	MINIMUM	MAXIMUM	16 YEAR LONGEVITY (3.5%)	20 YEAR LONGEVITY (3.5%)	25 YEAR LONGEVITY (3.5%)
D2	DEPUTY SHERIFF LIEUTENANT	\$82,449	\$129,527	\$134,061	\$138,753	\$143,609
D3	DEPUTY SHERIFF CAPTAIN	\$97,663	\$155,108	\$160,537	\$166,155	\$171,971
D4	DEPUTY SHERIFF COLONEL	\$111,355	\$177,954	\$184,183	\$190,629	\$197,301



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

**FISCAL YEAR 2024**

**EFFECTIVE JUNE 18, 2023**

**\*MINIMUM WAGE: \$16.70**

**HOURLY WAGE INCREASE**

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

**FY24 Notes:**

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

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

- Community Correctional Intern (S1)
- County Government Aide (MW) (S1)
- County Government Assistant (S1)
- Recreation Assistant I (S1)
- Library Page (S2)
- Recreation Assistant II (S2)
- Recreation Assistant III (S3)
- Recreation Assistant IV (S4)
- Recreation Assistant V (S5)
- Recreation Assistant VI (S6)
- Gilchrist Center Office Assistant (S7)
- Recreation Assistant VII (S7)
- Recreation Assistant VIII (S8)

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

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

Note: Service Increments and Longevity are not applicable.

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

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

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

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

**MONTGOMERY COUNTY GOVERNMENT  
 MEDICAL DOCTORS SALARY SCHEDULE  
 FISCAL YEAR 2024  
 EFFECTIVE JULY 1, 2023**

GRADE	MEDICAL JOB CLASS	MINIMUM	MIDPOINT	MAXIMUM
<b>MD I (D1)</b>	MEDICAL DOCTOR I	\$118,312	\$147,558	\$176,804
<b>MD II (D2)</b>	MEDICAL DOCTOR II	\$129,538	\$161,710	\$193,881
<b>MD III (D3)</b>	MEDICAL DOCTOR III	\$141,891	\$177,277	\$212,664
<b>MD IV (D4)</b>	MEDICAL DOCTOR IV	\$155,478	\$194,404	\$233,329

**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

**MONTGOMERY COUNTY GOVERNMENT  
 MEDICAL DOCTORS SALARY SCHEDULE  
 FISCAL YEAR 2023  
 EFFECTIVE JANUARY 14, 2024  
 GWA: 3% INCREASE**

GRADE	MEDICAL JOB CLASS	MINIMUM	MIDPOINT	MAXIMUM
<b>MD I (D1)</b>	MEDICAL DOCTOR I	\$121,861	\$151,985	\$182,108
<b>MD II (D2)</b>	MEDICAL DOCTOR II	\$133,424	\$166,561	\$199,697
<b>MD III (D3)</b>	MEDICAL DOCTOR III	\$146,148	\$182,595	\$219,044
<b>MD IV (D4)</b>	MEDICAL DOCTOR IV	\$160,142	\$200,236	\$240,329

**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

**MONTGOMERY COUNTY GOVERNMENT  
 MEDICAL DOCTORS SALARY SCHEDULE  
 FISCAL YEAR 2023  
 EFFECTIVE JUNE 16, 2024  
 GWA: 3% INCREASE**

GRADE	MEDICAL JOB CLASS	MINIMUM	MIDPOINT	MAXIMUM
<b>MD I (D1)</b>	MEDICAL DOCTOR I	\$125,517	\$156,545	\$187,571
<b>MD II (D2)</b>	MEDICAL DOCTOR II	\$137,427	\$171,558	\$205,688
<b>MD III (D3)</b>	MEDICAL DOCTOR III	\$150,532	\$188,073	\$225,615
<b>MD IV (D4)</b>	MEDICAL DOCTOR IV	\$164,946	\$206,243	\$247,539

**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

**MONTGOMERY COUNTY GOVERNMENT  
INSPECTOR GENERAL SALARY SCHEDULE\*  
FISCAL YEAR 2024  
EFFECTIVE JULY 1, 2023**

GRADE	TITLE	MINIMUM	MIDPOINT	MAXIMUM
IG	INSPECTOR GENERAL	\$134,595	\$180,187	\$225,779

**MONTGOMERY COUNTY GOVERNMENT  
INSPECTOR GENERAL SALARY SCHEDULE\*  
FISCAL YEAR 2024  
EFFECTIVE JANUARY 14, 2024  
GWA: 3% INCREASE**

GRADE	TITLE	MINIMUM	MIDPOINT	MAXIMUM
IG	INSPECTOR GENERAL	\$138,633	\$185,593	\$232,552

**MONTGOMERY COUNTY GOVERNMENT  
INSPECTOR GENERAL SALARY SCHEDULE\*  
FISCAL YEAR 2024  
EFFECTIVE JUNE 16, 2024  
GWA: 3% INCREASE**

GRADE	TITLE	MINIMUM	MIDPOINT	MAXIMUM
IG	INSPECTOR GENERAL	\$142,792	\$191,161	\$239,529

**Montgomery County Government: General Wage Adjustments and Service Increments by Employee Group**  
(excludes salary schedule adjustments, longevity increases, and other special pay increases)

<b>MCGEO</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
GWA	4.50%	0.00%	0.00%	0.00%	0.00%	3.25%	3.25%	2.00%	1.00%	2.00%	2.00%	2.25%	1.50%	\$1,684	\$4,333
Increment	3.50%	3.50%	0.00%	0.00%	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	--	--	--	--	--	--	--	--	--	--	--	1.00%	--	1.25%	1.25%
Max Total**	8.00%	3.50%	0.00%	0.00%	0.00%	6.75%	6.75%	5.50%	4.50%	5.50%	5.50%	6.75%	5.00%	4.8% - 8.7%	9.3% on avg.

<b>FOP</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
GWA	4.00%	0.00%	0.00%	0.00%	0.00%	2.10%	2.10%	2.00%	1.00%	2.00%	2.00%	0.00%	1.50%	2.50%	6.50%
Increment	3.50%	3.50%	0.00%	0.00%	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	--	--	--	--	--	1.75%	1.75%	--	--	--	--	3.50%	--	--	--
Salary Schedule Adjustment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	3.50%
Max Total	7.5%	3.50%	0.00%	0.00%	0.00%	7.35%	7.35%	5.50%	4.50%	5.50%	5.50%	7.00%	5.00%	6.00%	13.50%

<b>IAFF</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
GWA	4.00%	0.00%	0.00%	0.00%	0.00%	2.75%	2.75%	2.00%	1.00%	2.00%	2.00%	2.40%	1.50%	1.50%	5.00%
Increment	3.50%	3.50%	0.00%	0.00%	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	--	--	--	--	--	3.50%	3.50%	--	--	--	--	--	--	--	--
Max Total	7.5%	3.50%	0.00%	0.00%	0.00%	9.75%	9.75%	5.50%	4.50%	5.50%	5.50%	5.90%	5.00%	5.00%	8.50%

<b>Non-Represented*</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
GWA	4.50%	0.00%	0.00%	0.00%	0.00%	3.25%	3.25%	2.00%	1.00%	2.00%	2.00%	2.25%	1.50%	\$1,684	\$4,333
Increment	3.50%	3.50%	0.00%	0.00%	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Max Total**	8.00%	3.50%	0.00%	0.00%	0.00%	6.75%	6.75%	5.50%	4.50%	5.50%	5.50%	5.75%	5.00%	4.4% - 8.7%	7.3% on avg.

\* Excludes Management Leadership Service and Police Leadership Service members who do not receive increments

\*\*For MCGEO and Non-Represented, the max total in FY23 is based on the average salary for those employees as provided by OMB

County non-arts related capital projects in underserved communities.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>10,998,473</b>	<b>0.00</b>
Decrease Cost: Eliminating One-Time Items Approved as Part of the FY23 Budget	(10,398,473)	0.00
Enhance: Community Projects Fund	1,000,000	0.00
Enhance: Grants for Organizations Supporting Individuals with Disabilities	1,500,000	0.00
Enhance: Nonprofit Business Incubator for Underserved Communities	560,987	0.00
Enhance: Nonprofit Technical Assistance and Management Support (NTAMS) Grants	1,000,000	0.00
Enhance: Place-based Management Grants	400,000	0.00
Enhance: Senior Support Programs	1,500,000	0.00
Enhance: Underserved Communities Projects (UCP) Grants	1,258,128	0.00
Enhance: Youth Support Programs	1,500,000	0.00
Shift: Emerging Business District Grants to the Community Engagement Cluster Budget	(600,000)	0.00
Technical Adj: FY23 Community Grants Bridge Funding	1,168,833	0.00
<b>FY24 Recommended</b>	<b>9,887,948</b>	<b>0.00</b>

## 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 employees are funded in FY24, as well as a one-time lump-sum award for PLS employees.

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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>9,863,865</b>	<b>1.18</b>
Increase Cost: FY24 Compensation Adjustment	6,090,442	0.00
Increase Cost: MLS/PLS Pay for Performance	500,000	0.00
Increase Cost: Annualization of FY23 Compensation Increases	3,880	0.00
Decrease Cost: Elimination of One-Time Cost Increase for Health Insurance Cost Share	(6,682,265)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	5,251	(0.06)
<b>FY24 Recommended</b>	<b>9,781,173</b>	<b>1.12</b>

### 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>2,132,834</b>	<b>0.00</b>
Increase Cost: Three Percent Inflationary Adjustment for Conference and Visitors Bureau	63,985	0.00
<b>FY24 Recommended</b>	<b>2,196,819</b>	<b>0.00</b>

### 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>525,895</b>	<b>1.00</b>
Increase Cost: Conference Center - Biannual Management Audit	50,000	0.00
Increase Cost: FY24 Compensation Adjustment	5,416	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	20,884	0.00
<b>FY24 Recommended</b>	<b>602,195</b>	<b>1.00</b>

### ☀ Consolidated Retiree Health Benefit Trust - College

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

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>1,704,000</b>	<b>0.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(1,704,000)	0.00
<b>FY24 Recommended</b>	<b>0</b>	<b>0.00</b>

### ☀ Consolidated Retiree Health Benefit Trust - MCPS

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

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>57,424,677</b>	<b>0.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	4,826,795	0.00
<b>FY24 Recommended</b>	<b>62,251,472</b>	<b>0.00</b>

### ☀ County Associations

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

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>74,728</b>	<b>0.00</b>
<b>FY24 Recommended</b>	<b>74,728</b>	<b>0.00</b>

### ☀ Device Client Management

The Device Client Management (DCM) program oversees the annual replacement of personal computers (PCs); manages software patching, distribution and enterprise anti-malware systems which collectively help to secure the County's technology infrastructure; and, includes funding for Enterprise office productivity software. The program provides general IT support directly



## ☀ Grants To Municipalities in Lieu Of Shares Tax

This NDA funds payments required in accordance with State law. The 1968 Session of the General Assembly revised the tax structure to include a County income tax. As part of this restructuring, the shared tax on banks and financial institutions was 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>28,020</b>	<b>0.00</b>
<b>FY24 Recommended</b>	<b>28,020</b>	<b>0.00</b>

## ☀ 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>48,928,437</b>	<b>0.00</b>
Increase Cost: Additional Cost for Increased Claims Expense	2,510,066	0.00
<b>FY24 Recommended</b>	<b>51,438,503</b>	<b>0.00</b>

## ☀ Guaranteed Income

The Guaranteed Income Non-Departmental Account will fund a three-year pilot of the Guaranteed Income program, whose purpose is to provide direct, recurring cash payments to targeted groups of people without strings attached. The goals of the program are to alleviate poverty, provide a form of financial stability, and give people the ability to make their own choices to improve their economic position. Guaranteed Income is seen as one strategy to address income and wealth inequality.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY24 Recommended</b>	<b>1,957,533</b>	<b>0.00</b>

### ☀️ 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 and build adult English language learning programs and instruction to further individual and family success at work, school, and in the community. Funding for MCAEL supports grants to approximately 20 community organizations for 27 programs that provide adult English classes. Additionally, MCAEL receives operating funding to fully support the network by: providing technical assistance, coordinating new program initiatives, and developing training and networking opportunities for over 60 community organizations. MCAEL convenes the ESOL community, connects with businesses and other organizations, and leverages funding to improve program quality and coordination. MCAEL also provides critical information for the community to educate and engage them about the need for and benefits from adult English classes. The County's contribution is implemented by a contract between the Department of Public Libraries and MCAEL.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>2,113,623</b>	<b>0.00</b>
Increase Cost: MCAEL Operating and Grant Expenses	163,409	0.00
<b>FY24 Recommended</b>	<b>2,277,032</b>	<b>0.00</b>

### ☀️ 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>6,200,000</b>	<b>0.00</b>
Increase Cost: Three Percent Inflationary Adjustment for the Montgomery County Economic Development Corporation	186,000	0.00
<b>FY24 Recommended</b>	<b>6,386,000</b>	<b>0.00</b>

### ☀️ 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY24 Recommended</b>	<b>0</b>	<b>0.00</b>

### ☀️ Montgomery County Green Bank

The Montgomery County Green Bank seeks to leverage public and private investments to reduce greenhouse gas emissions and is funded with both County and private money. Residents and businesses can obtain financing for things like weatherization, high efficiency HVAC systems, and renewable and clean energy projects. Bill 44-21 requires the County to appropriate 10 percent of the revenue received by the County from the fuel energy tax each year to the Montgomery County Green Bank. The amount reflected below represents 10 percent of the estimated energy tax revenue to be collected in FY24.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>18,647,957</b>	<b>0.00</b>
Increase Cost: Adjustment for Revenue Estimate	667,184	0.00
<b>FY24 Recommended</b>	<b>19,315,141</b>	<b>0.00</b>

### ☀️ Motor Pool Fund Contribution

This NDA funds the acquisition of new, additional Motor Pool fleet vehicles, as opposed to replacement vehicles, which are financed through an established chargeback mechanism.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>66,490</b>	<b>0.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(66,490)	0.00
<b>FY24 Recommended</b>	<b>0</b>	<b>0.00</b>

### ☀️ Payments to Municipalities

The Montgomery County Municipal Revenue Program, authorized by Chapter 30A of the Montgomery County Code, reimburses municipalities for those public services they provide that would otherwise be provided by the County. The current reimbursement policy goes beyond State law, Section 6-305 of the Tax-Property Article, which requires the County to provide to municipalities only the Property Tax-funded portion of those costs. The County Executive negotiated a new formula with the County's municipal partners over the course of 2021. Changes to the calculation formula were adopted by the County Council on March 1, 2022, with the enactment of Expedited Bill 2-22.

Under Expedited Bill 2-22, a municipality would be reimbursed by the County based upon the County Executive's approximation of the costs that the County would incur if it were to provide the municipality with transportation, police, crossing guards, and park maintenance services. Specifically, as the exact payment amount for the current year cannot be determined until both municipal and County books are closed, reimbursements are based on the final audited cost of performing eligible services during the fiscal year two years prior to the budget year. The new law also provides for a phased-in implementation of the new formula calculation for FY24 (90 percent of the calculation), and FY25 (100 percent of the calculation). The amounts included in the FY24 budget for this program reflect the required 90 percent phased-in payment.

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## ☀ Public Technology, Inc.

The Public Technology Institute (PTI) actively supports local government executives and elected officials through research, education, executive-level consulting services, and national recognition programs. As the only technology organization created by and for cities and counties, PTI works with a core network of leading local officials - the PTI membership - to identify research opportunities, provide thought leadership and professional development opportunities, share solutions, provide technology support services, recognize member achievements and address the many technology issues that impact local government.

Funds are budgeted each year to continue membership in PTI.

<b>FY24 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY23 Approved</b>	<b>5,000</b>	<b>0.00</b>
<b>FY24 Recommended</b>	<b>5,000</b>	<b>0.00</b>

## ☀ Retiree Health Benefits Trust

Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to the County's 50-year-old practice of pre-funding for retiree pension benefits. Due to exponential growth in expected retiree health costs, the County had determined the cost of funding these benefits, which were being paid out as the bills came due, would become unaffordable. Setting aside money now and investing it in a Trust Fund, which is invested in a similar manner as the pension fund, is a prudent and responsible approach that will result in significant savings over the long-term.

The County's approach to address retiree health benefits funding has been to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits and any accrued interest on unfunded liability. This amount, known as an Actuarially Determined Contribution or "ADC", is estimated at \$66.8 million. This amount normally consists of two pieces - the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County's policy has been to pay the full amount of ADC each year. In FY11, the County Council enacted Bill 17-11 which established the Consolidated Retiree Health Benefits Trust. The Bill amended existing law and provided a funding mechanism to pay for other post employment benefits (OPEB) for employees of MCPS and MC. In FY15, the County and all other agencies implemented the Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This has reduced retiree drug insurance costs and the County's OPEB liability. The County achieved full pre-funding in FY15, consistent with Council resolution No. 16-555. In FY23, the County General Fund contributed funding in excess of the ADC by \$12.6 million (County General Fund), and the prefunding contributions were budgeted at \$57.4 million for the MCPS Consolidated Trust and \$1.7 million for the MC Consolidated Trust.

In planning for FY24, actuarial analysis assumed a utilization of \$17.4 million in Trust assets as the pay-as-you-go amount was determined to be higher than the ADC. The County Executive has determined that the magnitude of the assets in the OPEB Trust requires a shift from the policy of paying the full amount of the ADC each year, to a policy that utilizes the Trust in a fiscally

responsible and sustainable manner to pay a portion of the retiree health benefits while maintaining the assets necessary to support continued growth and long-term fulfillment of its purpose through sustained investment growth and contributions as required.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY24 Recommended</b>	<b>0</b>	<b>0.00</b>

### ☀ 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>25,737,987</b>	<b>0.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	731,826	0.00
<b>FY24 Recommended</b>	<b>26,469,813</b>	<b>0.00</b>

### ☀ 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>419,900</b>	<b>0.00</b>
Increase Cost: Contribution to City of Rockville	2,400	0.00
<b>FY24 Recommended</b>	<b>422,300</b>	<b>0.00</b>

### ☀ Skills for the Future

The Skills for the Future Non-Departmental Account was established in May 2019 to provide funding for high-quality Science, Technology, Engineering, Arts, and Mathematics (STEAM) programming in both academic and recreational settings to low-income youth. The intent of this funding is to build a pipeline of technical talent that will ensure equitable access to high-paying jobs and allow Montgomery County to continue to offer one of the best educated work forces in the world. The Department of Recreation administers these funds that will provide experiential learning engagement opportunities that give low-income youth access to STEAM programming.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>276,480</b>	<b>0.00</b>
Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts	8,294	0.00
<b>FY24 Recommended</b>	<b>284,774</b>	<b>0.00</b>

### Small Business Support Services

This NDA provides funding to support and augment the County Business Center's efforts through the County's resource partners that provide specialized assistance and programs for small businesses and entrepreneurs. Support includes technical assistance and coaching for business owners interested in starting and growing their business in the County. This NDA also supports the County's Minority, Female, and Disabled-Owned initiative that provides targeted programs and support for those businesses. For FY24, this funding was shifted from the Incubator Programs NDA to delineate better the small business support services that are not specifically performed by the County's Business Innovation Network.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>0</b>	<b>0.00</b>
Shift: Shift from Incubator Programs NDA to Small Business Support Services	1,675,000	0.00
Add: Funding for Procurement and Technical Assistance Center Services	50,000	0.00
<b>FY24 Recommended</b>	<b>1,725,000</b>	<b>0.00</b>

### 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.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>60,756</b>	<b>0.00</b>
<b>FY24 Recommended</b>	<b>60,756</b>	<b>0.00</b>

### State Property Tax Services

This NDA funds the reimbursement to the State for three programs that support the property tax billing administration conducted by the Department of Finance: the Montgomery County 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. This NDA also funds the County Renters' Property Tax Relief Supplement (Bill 21-15) enacted in 2016 and administered by the Department of Finance.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>3,565,615</b>	<b>0.00</b>
<b>FY24 Recommended</b>	<b>3,565,615</b>	<b>0.00</b>

### State Retirement Contribution

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



**FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN**

**Print and Mail**

FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
Rate Adjustment	0	0	0.0%	1.0%	4.1%	2.2%	1.9%
<b>BEGINNING FUND BALANCE</b>	<b>416,580</b>	<b>477,734</b>	<b>621,053</b>	<b>495,446</b>	<b>294,702</b>	<b>286,643</b>	<b>295,702</b>
<b>REVENUES</b>							
Charges For Services	8,397,754	8,757,153	8,757,153	8,844,725	9,207,359	9,405,318	9,579,316
Miscellaneous	55,960	88,420	70,740	61,900	53,060	44,510	44,810
<b>Subtotal Revenues</b>	<b>8,453,714</b>	<b>8,845,573</b>	<b>8,827,893</b>	<b>8,906,625</b>	<b>9,260,419</b>	<b>9,449,828</b>	<b>9,624,126</b>
<b>TOTAL RESOURCES</b>	<b>8,870,294</b>	<b>9,323,307</b>	<b>9,448,946</b>	<b>9,402,071</b>	<b>9,555,121</b>	<b>9,736,471</b>	<b>9,919,828</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(8,369,856)	(8,702,254)	(8,848,897)	(9,002,766)	(9,163,875)	(9,336,166)	(9,515,520)
Labor Agreement	n/a	0	(104,603)	(104,603)	(104,603)	(104,603)	(104,603)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(8,369,856)</b>	<b>(8,702,254)</b>	<b>(8,953,500)</b>	<b>(9,107,369)</b>	<b>(9,268,478)</b>	<b>(9,440,769)</b>	<b>(9,620,123)</b>
<b>OTHER CLAIMS ON FUND BALANCE</b>	<b>(22,704)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(8,392,560)</b>	<b>(8,702,254)</b>	<b>(8,953,500)</b>	<b>(9,107,369)</b>	<b>(9,268,478)</b>	<b>(9,440,769)</b>	<b>(9,620,123)</b>
<b>YEAR END FUND BALANCE</b>	<b>477,734</b>	<b>621,053</b>	<b>495,446</b>	<b>294,702</b>	<b>286,643</b>	<b>295,702</b>	<b>299,705</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>5.4%</b>	<b>6.7%</b>	<b>5.2%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>

**Notes:**

1. The FY23 estimate is based on second quarter revenue and expenditure projections.
2. Printing, Mail, and Records Management/Imaging rates are adjusted to receive cost recovery and maintain the year-end fund balance between three and five percent.
3. These projections are based on the Executive's Recommended Budget. The projected future expenditures, revenues and fund balances may vary based on the changes not assumed here from free or tax related usage, inflation, labor contract agreements and other factors.
4. The other claims of fund balance is the OPEB liability allocation (GASB 75).

**EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND**

FY24-29 FISCAL PROJECTION	Estimate - FY23	Projected - FY24	Projected - FY25	Projected - FY26	Projected - FY27	Projected - FY28	Projected - FY29
<b>BEGINNING BALANCE</b>	<b>5,156,676</b>	<b>10,410,353</b>	<b>11,475,579</b>	<b>17,646,954</b>	<b>18,793,152</b>	<b>20,023,637</b>	<b>21,345,278</b>
<b>REVENUES</b>							
Premium Contributions	265,106,214	279,828,993	292,228,112	314,034,350	338,202,795	361,000,039	385,521,679
Premium Contributions: Retiree Insurance NDA	48,928,437	52,773,694	66,921,663	63,009,272	63,529,908	67,251,891	71,234,591
Investment Income	(31,100)	(49,140)	(39,310)	(34,400)	(29,490)	(24,740)	(24,910)
<b>TOTAL REVENUES</b>	<b>314,003,552</b>	<b>332,553,547</b>	<b>359,110,465</b>	<b>377,009,222</b>	<b>401,703,213</b>	<b>428,227,189</b>	<b>456,731,360</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>319,160,228</b>	<b>342,963,900</b>	<b>370,586,044</b>	<b>394,656,176</b>	<b>420,496,365</b>	<b>448,250,826</b>	<b>478,076,637</b>
<b>EXPENDITURES</b>							
Claims, Premiums, & Carrier Administration	303,362,510	325,159,996	346,294,349	368,886,046	393,146,901	419,213,430	447,234,359
Actives	188,102,046	202,357,711	214,811,600	228,191,774	242,523,200	257,883,722	274,358,394
Retirees	115,260,465	122,802,285	131,482,749	140,694,272	150,623,701	161,329,708	172,875,965
In-house expenses	5,387,364	6,328,325	6,644,741	6,976,978	7,325,827	7,692,119	8,076,725
<b>TOTAL EXPENDITURES</b>	<b>308,749,874</b>	<b>331,488,321</b>	<b>352,939,090</b>	<b>375,863,024</b>	<b>400,472,728</b>	<b>426,905,548</b>	<b>455,311,083</b>
<b>ENDING BALANCE</b>	<b>10,410,353</b>	<b>11,475,579</b>	<b>17,646,954</b>	<b>18,793,152</b>	<b>20,023,637</b>	<b>21,345,278</b>	<b>22,765,554</b>
<b>TARGET FUND BALANCE (5% OF EXPENDITURES)</b>	<b>15,437,490</b>	<b>16,574,420</b>	<b>17,646,950</b>	<b>18,793,150</b>	<b>20,023,640</b>	<b>21,345,280</b>	<b>22,765,550</b>
<b>ENDING BALANCE AS % OF EXPENDITURES</b>	<b>3.4%</b>	<b>3.5%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>





March 29, 2023

**CONFIDENTIAL**

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

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

Dear Ms. Harling:

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

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

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

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

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

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

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

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

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

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



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

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

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

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



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

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

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

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

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

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

#### Summary of Results

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

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



**Group E**

	<b>Baseline</b>	<b>Scenario 1 - Age 70 Reduction</b>	<b>Scenario 2 - Age 70 Reduction with Modified Retirement Rates</b>	<b>Scenario 3 - 2.60%/2.25% Multiplier</b>	<b>Scenario 4 - Military Service</b>	<b>Scenario 5 - Combined Scenarios 1, 3-4</b>	<b>Scenario 6 - Combined Scenarios 2-4</b>
Funded Ratio	104.1%	103.4%	103.4%	102.0%	103.9%	101.0%	101.0%
County Contribution (20-Year)	\$3,269,384	\$3,631,943	\$3,680,057	\$4,413,836	\$3,404,142	\$4,955,380	\$5,009,237
County Contribution (10-Year)	3,269,384	3,773,478	3,821,377	4,858,341	3,453,550	5,607,421	5,661,214
<b>Change</b>							
Funded Ratio		-0.7%	-0.7%	-2.1%	-0.2%	-3.1%	-3.1%
County Contribution (20-Year)		\$362,559	\$410,673	\$1,144,452	\$134,758	\$1,685,996	\$1,739,853
County Contribution (10-Year)		504,094	551,993	1,588,957	184,166	2,338,037	2,391,830

**Group J**

	<b>Baseline</b>	<b>Scenario 1 - 2.50%/2.00% Multiplier</b>	<b>Scenario 2 - Age 70 Reduction</b>	<b>Scenario 3 - Age 70 Reduction with Modified Retirement Rates</b>	<b>Scenario 4 - Combined Scenarios 1-2</b>	<b>Scenario 5 - Combined Scenarios 1, 3</b>
Funded Ratio	122.2%	119.8%	120.2%	120.4%	117.8%	118.0%
County Contribution (20-Year)	\$183,742	\$318,453	\$285,782	\$299,375	\$424,282	\$438,242
County Contribution (10-Year)	183,742	373,113	331,734	340,554	526,555	535,342
<b>Change</b>						
Funded Ratio		-2.4%	-2.0%	-1.8%	-4.4%	-4.2%
County Contribution (20-Year)		\$134,711	\$102,040	\$115,633	\$240,540	\$254,500
County Contribution (10-Year)		189,371	147,992	156,812	342,813	351,600

*The County contribution requirement is illustrated based on the current funding policy (to amortize the change in unfunded liability over a 20-year closed period as a level percentage of payroll) and an alternate policy (which amortizes the change in unfunded liability due to the plan changes over a 10-year closed period as a level percentage of payroll).*



<b>Group F</b>							
	<b>Baseline</b>	<b>Scenario 1 - DRSP Eligibility</b>	<b>Scenario 2 - Age 70 Reduction</b>	<b>Scenario 3 - 2.60%/2.40% Multiplier</b>	<b>Scenario 4 - Multiplier Change with Modified</b>	<b>Scenario 5 - Combined Scenarios 1-3</b>	<b>Scenario 6 - Combined Scenarios 1-2, 4</b>
Funded Ratio	105.6%	105.5%	104.7%	103.9%	103.9%	102.9%	103.0%
County Contribution (20-Year)	\$10,512,916	\$10,633,243	\$11,733,494	\$13,172,141	\$13,394,555	\$14,568,571	\$14,702,803
County Contribution (10-Year)	10,512,916	10,684,202	12,257,299	14,233,331	14,401,224	16,225,305	16,266,724
<b>Change</b>							
Funded Ratio		-0.1%	-0.9%	-1.7%	-1.7%	-2.7%	-2.6%
County Contribution (20-Year)		\$120,327	\$1,220,578	\$2,659,225	\$2,881,639	\$4,055,655	\$4,189,887
County Contribution (10-Year)		171,286	1,744,383	3,720,415	3,888,308	5,712,389	5,753,808

<b>Group G</b>					
	<b>Baseline</b>	<b>Updated Baseline</b>	<b>Scenario 1 - 5.00% COLA Cap</b>	<b>Scenario 2 - 2.60%/1.25% Multiplier</b>	<b>Scenario 3 - Combined Scenarios 1-2</b>
Funded Ratio	96.5%	95.4%	94.6%	94.1%	93.3%
County Contribution (20-Year)	\$24,733,634	\$26,315,333	\$27,525,424	\$28,310,857	\$29,560,016
County Contribution (10-Year)	24,733,634	26,934,284	28,575,376	29,660,967	31,354,573
<b>Change</b>					
Funded Ratio			-0.8%	-1.3%	-2.1%
County Contribution (20-Year)			\$1,210,091	\$1,995,524	\$3,244,683
County Contribution (10-Year)			1,641,092	2,726,683	4,420,289

*The County contribution requirement is illustrated based on the current funding policy (to amortize the change in unfunded liability over a 20-year closed period as a level percentage of payroll) and an alternate policy (which amortizes the change in unfunded liability due to the plan changes over a 10-year closed period as a level percentage of payroll).*



### Considerations and Disclosures

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

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

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

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

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

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

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





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

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

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

The signing actuaries are independent of the plan sponsor.

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

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Amy Williams, ASA, MAAA, FCA  
Senior Consultant



Cassie Rapoport, ASA, MAAA  
Senior Analyst

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

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

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



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

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

Difference from Baseline	Baseline	Scenario 1 - 2.50%/2.00%		Scenario 3 - Age 70		Scenario 4 - Combined		Scenario 5 - Combined	
		Multiplier	Reduction	Reduction with Modified Retirement Rates	Reduction with Modified Retirement Rates	Scenarios 1-2	Scenarios 1, 3		
<b>Group J</b>									
Present Value of Future Benefits - Active Members	\$ 47,315,341	\$ 1,474,769	\$ 1,201,924	\$ 1,214,759	\$ 2,720,918	\$ 2,728,710			
Actuarial Accrued Liability - Active Members	36,802,546	1,151,079	967,695	867,191	2,153,773	2,044,845			
Normal Cost Rate (%)	19.82%	0.58%	0.36%	0.34%	0.95%	0.93%			
County Normal Cost Rate (%)	13.04%	0.58%	0.36%	0.34%	0.95%	0.93%			
Total Actuarial Accrued Liability	\$ 58,280,979	\$ 1,151,079	\$ 967,695	\$ 867,191	\$ 2,153,773	\$ 2,044,845			
Amortization of Unfunded Liability Rate (%)	-10.18%	0.89%	0.74%	0.67%	1.66%	1.58%			
County Contribution Requirement \$	183,742	134,711	102,040	115,633	240,540	254,500			
County Contribution Requirement %	2.86%	1.47%	1.10%	1.01%	2.61%	2.51%			
Total Contribution Requirement \$	778,714	134,711	102,040	127,740	240,540	266,607			
Funded Ratio (Actuarial Value of Assets)	122.2%	-2.4%	-2.0%	-1.8%	-4.4%	-4.2%			



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

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

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



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

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

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



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

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

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

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

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

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



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

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

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



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

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

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

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

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

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



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

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

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



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

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

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



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

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

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



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

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



**Data Summary**  
**Actuarial Valuation as of July 1, 2022**

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





**Group E Proposed Changes**

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

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

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

- We have included two separate scenarios to illustrate the impact of the change in age at which the benefit reduces.
  - Scenario 1 illustrates the results of changing the age at which the benefit is reduced and assumes no change in the timing of retirements.
  - Scenario 2 reflects both a change in the benefit reduction age and a change in the timing of retirements due to the proposed benefit change. Because the proposal has an effective date of July 1, 2024, members may choose to delay retirement until after July 1, 2024 in order to have their benefits reduced at a later age. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.
- For the second proposal (Scenario 3), the benefit accrual rate would be increased from 2.40 percent to 2.60 percent of Average Final Earnings (AFE) for the first 25 years of credited service, and increase from 2.00 percent to 2.25 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 30 years (decreased from a maximum of 31 years), plus up to two years of sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for the first 25 years of service and is 82.50 percent of the benefit accrual rate prior to SSNRA (17.50 percent reduction) for each year of credited service in excess of 25 years, to a maximum of 30 years, for pay up to Social Security Covered Compensation (SSCC).

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

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

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

**Group E Proposed Changes (Continued)**

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

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

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

**Group J Proposed Changes**

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

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

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

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

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

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

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

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

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

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

**Group J Proposed Changes (Continued)**

- Scenario 2 illustrates the results of changing the age at which the benefit is reduced and assumes no change in the timing of retirements.
  - Scenario 3 reflects both a change in the benefit reduction age and a change in the timing of retirements due to the proposed benefit change. Because the proposal has an effective date of July 1, 2024, members may choose to delay retirement until after July 1, 2024 in order to have their benefits reduced at a later age. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.
- Scenario 4 is the combined impact of Scenarios 1 and 2, and assumes no change in the timing of retirements.
  - Scenario 5 is the combined impact of Scenarios 1 and 3, and assumes the modified retirement rates used for Scenario 3.

**Group F Proposed Changes**

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

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

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

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

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

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

**Group F Proposed Changes (Continued)**

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

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

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

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

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

	Percentage of Average Final Earnings Based on Years of Service							
	Pre-SSNRA				Post-SSNRA			
	25	30	34	36	25	30	34	36
<b>Current Rates Group F</b>	60.000%	72.000%	81.600%	86.400%	41.250%	49.500%	56.100%	59.400%
<b>New Rates Group F</b>	65.000%	77.000%	86.600%	86.600%	44.688%	52.938%	59.538%	59.538%

**Group G Proposed Changes**

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

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

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

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



**Group G Proposed Changes (Continued)**

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

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

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

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

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

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

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



## Retirement Rates

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

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

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

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



## Benefit Provisions as of July 1, 2022

1. Social Security Wage Base

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

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

2. Social Security Maximum Compensation Level

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

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

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

3. Social Security Retirement Age

Age 65 for employees born prior to January 1, 1938.

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

Age 67 for employees born on or after January 1, 1955.



#### 4. Regular Earnings

Gross pay for actual hours worked, excluding overtime.

Imputed Compensation for FY2010 only (effective July 1, 2009):

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

#### 5. Benefits

##### A. Normal Retirement Date:

*Age and Service Requirement:*

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

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

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

##### B. Benefit Amount:

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

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

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

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



## 2. Integrated plans:

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

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

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

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

### b. From attainment of Social Security Retirement Age:

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

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

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

## 6. Post-Retirement Increases

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

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

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60 percent of CPI increase, limited to 5 percent. However, if over age 65 or disabled, then the maximum limit of 5 percent does not apply.
- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area up to 3 percent, plus 60 percent of any change in Consumer Price Index greater than 3 percent, not to exceed a total of 7.5 percent for years and months of credited service before July 1, 2011. The maximum 7.5 percent does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Following are the recent COLA increases granted July 1.

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

Disability Benefits:

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

## Sick Leave:

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

## DRSP Participants:

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

## DROP Participants:

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

## Transferred Service:

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

## Purchased Service:

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

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

### A. Eligibility for DROP entry:

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

### B. Exit from DROP:

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



## C. The DROP account is:

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

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

## D. Post-DROP monthly benefit:

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

## E. Disability while in DROP:

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

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

## F. Death while in DROP:

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

## G. Member Contributions:

Members do not contribute while in DROP.

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

## A. Eligibility for DRSP entry:

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

## B. Exit from DRSP:

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

## C. The DRSP account is:

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

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

## D. Post-DRSP monthly benefit:

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

## E. Disability while in DRSP:

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

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

## F. Death while in DRSP:

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

## G. Member Contributions:

Members do not contribute while in DRSP.

9. Deferred Retirement Option Plan (DROP) for Group G

## A. Eligibility for DROP entry:

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

## B. Exit from DROP:

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

## C. The DROP account collects:

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

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

## D. Post-DROP monthly benefit:

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

## E. Disability while in DROP:

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

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

## F. Death while in DROP:

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



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
County Executive

MEMORANDUM

March 15, 2023

TO: Evan Glass, President  
Montgomery County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Compensation Sustainability Policy

The Compensation Sustainability Policy identified within Resolution 19-753 states that the County Executive should provide a written explanation when the growth rate of total compensation costs exceeds the projected one-year or six-year rate of revenue growth. My FY24 Recommended Operating Budget includes total compensation and benefit increases, excluding new positions added or eliminated in FY24, of approximately \$91.5 million, for a growth rate of 7.07 percent.

As shown in the fiscal plan, the one-year revenue growth rate is 7.2 percent, while the six-year revenue growth rate is 3.4 percent. These growth rates include the additional tax revenue generated by the education supplemental property tax rate increase which I am recommending as part of the FY24 budget. If you exclude the impact of this action, the one-year revenue growth rate is 3.41 percent, while the six-year revenue growth rate is 2.82 percent.

Operating budget resources did not need to be reallocated in FY24 to accommodate these costs; the one-year revenue growth rate amounts to \$188.6 million in FY24, which exceeds the compensation increase. These costs are sustainable over time as the total compensation increase of \$91.5 million is far below the increase in growth associated with the average 2.82 percent annual revenue growth over the six-year projection, which amounts to \$156.1 million for FY24.

Furthermore, the composition of compensation elements that make up the \$91.5 million increase includes items that take steps necessary to address major issues within County employee compensation structures. Included in the increases are:

Compensation Sustainability Policy

March 15, 2023

Page 2 of 2

- Collectively bargained compensation increases to ensure wage growth keeps pace with significantly higher than normal inflation and increases provided to employees in neighboring jurisdictions
- Adjustments to longevity awards that resolve a long-standing wage inequity
- Retirement plan enhancements necessary to improve employee's post-employment financial security

ME:cbo

cc: Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive  
Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive  
Dale Tibbitts, Special Assistant to the County Executive, Office of the County Executive  
Ken Hartman, Director of Strategic Partnerships, Office of the County Executive  
Jennifer Bryant, Director, Office of Management and Budget

# MEMORANDUM

April 20, 2023

TO: Government Operations and Fiscal Policy Committee

FROM: Craig Howard, Deputy Director  
Aron Trombka, Senior Legislative Analyst, OLO

SUBJECT: **FY24 Compensation and Benefits Follow-Up Information**

This memorandum responds to questions or follow-up information requests from the April 14 and April 19 GO Committee worksession on compensation and benefits for all agencies.

## 1. Follow-up on salary schedule comparisons

Each year as part of the [Personnel Management Review](#) (PMR) document, the Office of Human Resources provides two different sets of salary schedule data that compares certain selected positions in Montgomery County with similar positions in the region. The PMR does not compare the health, retirement, or other benefits provided by local governments.

**Washington-Baltimore Metropolitan Region vs. Montgomery County Government.** This comparison is based on the Human Resources Association (HRA) of the National Capitol Area Compensation Survey Report. For the April 2022 report, this data compares the 2021 compensation survey report with FY21 approved salary schedules for County Government. This data shows that for 41 positions in FY21 (see ©98):

- The average minimum salary for County Government was 3.37% below the HRA survey average minimum.
- The average maximum salary for County Government was 4.05% below the HRA survey average maximum.

**Minimum and Maximum Salary Comparisons – Selected Local Jurisdictions.** This comparison is based on the Local Government Personnel Association Salary Survey. For the April 2022 report, this data compares FY22 salary schedules for County Government with those from nine other jurisdictions or agencies.<sup>1</sup> This data shows that for 34 positions in FY22 (see ©99-102):

- The minimum salary for County Government was higher than the median minimum salary for the other nine jurisdictions for 28 out of 34 positions.
- The maximum salary for County Government was higher than the median minimum salary for the other nine jurisdictions for 28 out of 24 positions.

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<sup>1</sup> City of Alexandria, Arlington County, City of Baltimore, Fairfax County, Frederick County, Howard County, Loudon County, Prince George's County, and M-NCPPC.

## **2. Cost of Increments**

A question was asked about whether service increments have no cost to the County, based on the attached analysis prepared by MCGEO (©103-108). This claim has come up in prior year budget discussions as well. The justification for this claim is that the cost of increments is offset by cost reductions produced by the departure of higher-salaried veteran employees who are replaced by lower salaried employees. Therefore, the argument goes, service increments merely reflect a re-investment of cost reductions resulting from natural workforce attrition into the salaries of returning employees.

Staff finds serious shortcomings in the above conclusion. First, cost reductions produced through employee attrition occur independently from pay increases of any sort. While in some years, attrition-related cost reductions may approximate the cost of service increments, the attrition-related cost reductions will occur whether or not the County provides service increments. Therefore, attrition-related cost reductions are more properly characterized as an offset to total compensation costs, not any single type of pay adjustment.

The “no cost of service increments” argument could be correct if service increments were the sole compensation adjustment included in an annual budget (and if they had approximately equal dollar values). With no other compensation cost increases, then attrition-related reductions could indeed be said to offset service increment costs, producing no budgetary impact. However, County Government budgets routinely include multiple other compensation cost increases including general wage adjustments, longevity pay increases, salary schedule adjustments, lump sum payments, benefit enhancements, and more. These increases combine with service increments to produce the total change in compensation costs. Attrition-related costs savings are an independent factor that mitigate a portion of total compensation cost increases.

Staff has reported that the Executive’s recommended FY24 budget would increase total compensation costs by 7.9%. This rate of growth includes the effect of attrition-related cost reductions. A portion of the FY24 growth is produced by the cost of service increments. Absent service increments, the rate of growth would be less, clearly demonstrating that service increments have a real cost even when considering attrition-related cost reductions.

## **3. County Government Employee Health Self Insurance Fund Balance**

Each year, the GO Committee fund balance information for each agency’s group insurance funds. For the FY24 review, that information is on pages 24-25 of the [April 14 staff report](#).

Separately, Councilmembers received information prepared by IAFF (©109) indicating that there may be significant unspent funds in the County Government's employee health self-insurance fund based on data shown in Exhibit D-4 of the County’s [Annual Comprehensive Financial Statements](#).

While that exhibit shows a large variation between budgeted and actual expenditures, it does not mean that there are unspent funds because the data in that exhibit only show expenditures for active employee health care claims and does not include expenditures for retiree health care

claims (which are also paid out of the Fund, but show in a different part of the financial statements due to GASB accounting requirements).

The table below shows both total approved and actual expenditures (which are primarily the cost of health care claims) from the employee health self insurance fund each year since FY12, as well as the year-end balance for the Fund. The Council's policy guidance for all agency group insurance funds is to maintain a 5% fund balance.

Please note that the fund balance is not calculated as the difference between approved versus actual expenditures. As an internal service fund, this employee health self insurance fund receives "revenue" in the form of employee and employer contributions which occurs throughout the year. The actual fund balance is a function of the difference between contributions into the fund (i.e., "revenue") and actual expenditures for health care claims in any given year.

Data on expenditures from the Fund can be found in [Schedule B-5](#) of the budget each year, and information on actual and projected fund balance can be found in the [Fiscal Plan document](#) (page 52 of the pdf).

**MCG Employee Health Self Insurance Fund**

	FY12	FY13	FY14	FY15	FY16	FY17	FY18
<b>Approved Expenditures</b>	191,567,580	195,258,582	198,690,600	204,252,969	227,060,946	245,852,948	243,592,373
<b>Actual Expenditures</b>	184,956,856	181,426,370	194,539,245	213,975,910	222,047,001	231,931,608	244,292,364
<b>Year End Fund Balance</b>	36,060,077	28,462,072	28,579,209	8,028,016	9,661,969	24,689,964	4,376,750
% of Actual Expenditures	19.5%	15.7%	14.7%	3.8%	4.4%	10.6%	1.8%

	FY19	FY20	FY21	FY22	FY23*	FY24 Rec*
<b>Approved Expenditures</b>	258,674,799	272,856,318	294,971,060	308,896,432	314,927,053	331,488,321
<b>Actual Expenditures</b>	259,051,552	261,365,878	271,793,647	288,842,376	308,749,874	331,488,321
<b>Year End Fund Balance</b>	5,313,864	816,748	(13,602,257)	5,156,676	10,410,353	11,475,579
% of Actual Expenditures	2.1%	0.3%	-5.0%	1.8%	3.4%	3.5%

\*FY23 and FY24 actuals and year-end fund balance are estimates

**4. Funding Source for Police Officer Signing Bonuses**

GO Committee members asked for additional information about the funding source for the proposed \$20,000 signing bonuses for certain new recruits and lateral police officer candidates in the FOP contract. The Executive Branch provided the following response:

*The County receives State aid (State Aid for Police Protection) that is received into the General Fund. This amount exceeds the recruitment/retention bonuses that will be paid out of the General Fund.*



## **5. County Government Contractors**

GO Committee members asked how many contractors are current being used across County Government departments. The Executive Branch provided the following response:

*OMB does not track centrally which departments are using contractual services to backfill for services that would have been provided by County merit staff. The use of contractors varies widely by department, as department directors manage within their appropriated budget to prioritize service delivery and minimize any impact on County residents.*

## **6. Proposed Retirement Plan Changes Related to Social Security Integration**

Based on the April 14 conversation, staff asked to Executive Branch to clarify the proposal to change the age of Social Security integration for certain pension plan members. The Executive Branch provided the following response:

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

Council staff notes that this issue will be explored in more detail during Committee and Council review of the legislation submitted by the Executive to implement this pension plan change.

**WASHINGTON-BALTIMORE METROPOLITAN REGION vs MONTGOMERY COUNTY GOVERNMENT  
 BASED ON HUMAN RESOURCES ASSOCIATION 2021 COMPENSATION SURVEY REPORT  
 AND MCG FY21 SALARY SCHEDULES**

Human Resources Association (HRA) Job Title	MoCo Grade	Montgomery County Government (MCG) Job Title	MCG Range Minimum	HRA Avg Range Minimum	% Change		MCG Range Maximum	HRA Avg. Range Maximum	% Change	
					Req. to Reach HRA Avg. Minimum	% Dif. Bet. MCG & HRA Minimum			Req. to Reach HRA Avg. Maximum	% Dif. Bet. MCG & HRA Maximum
Computer Operator I	14	IT Technician I	\$40,893				\$66,446			
Computer Operator II	16	IT Technician II	\$44,421	\$51,570	16.1%	-13.9%	\$72,930	\$88,680	21.6%	-17.8%
Applications Analyst/Developer II	26	IT Specialist III	\$70,377	\$68,500	-2.7%	2.7%	\$116,825	\$121,810	4.3%	-4.1%
Applications Analyst/Developer III	28	Senior IT Specialist	\$77,035	\$81,100	5.3%	-5.0%	\$128,483	\$141,740	10.3%	-9.4%
Systems Programmer III	28	Senior IT Specialist	\$77,035	\$80,590	4.6%	-4.4%	\$128,483	\$144,190	12.2%	-10.9%
IT/Helpdesk Support Analyst I	20	IT Specialist I	\$53,246	\$54,290	2.0%	-1.9%	\$87,969	\$92,740	5.4%	-5.1%
Accounting Clerk I	13	Principal Administrative Aide	\$39,261	\$40,830	4.0%	-3.8%	\$63,425	\$69,440	9.5%	-8.7%
Accounting Clerk II	16	Office Services Coordinator	\$44,421	\$43,350	-2.4%	2.5%	\$72,930	\$72,880	-0.1%	0.1%
Accounting Clerk III	16	Fiscal Assistant	\$44,421	\$43,790	-1.4%	1.4%	\$72,930	\$74,030	1.5%	-1.5%
Payroll Clerk I	16	Office Services Coordinator	\$44,421	\$43,960	-1.0%	1.0%	\$72,930	\$76,150	4.4%	-4.2%
Accountant I	18	Accountant/Auditor I	\$48,566	\$49,570	2.1%	-2.0%	\$80,086	\$80,970	1.1%	-1.1%
Accountant III	23	Accountant/Auditor III	\$61,189	\$67,400	10.2%	-9.2%	\$101,350	\$110,720	9.2%	-8.5%
Budget Analyst II	22	Mgmt. & Budget Spec. II	\$58,409	\$56,980	-2.4%	2.5%	\$96,665	\$98,160	1.5%	-1.5%
Budget Analyst III	25	Mgt and Budget Specialist III	\$67,156	\$74,460	10.9%	-9.8%	\$111,407	\$123,220	10.6%	-9.6%
Buyer II	23	Procurement Specialist II	\$61,189	\$57,500	-6.0%	6.4%	\$101,350	\$93,630	-7.6%	8.2%
Employee Relations (EEO) Representative II	25	Human Resources Specialist III	\$67,156	\$60,040	-10.6%	11.9%	\$111,407	\$111,980	0.5%	-0.5%
Recruiting (Employment) Manager	M3	Manager III	\$80,384	\$92,450	15.0%	-13.1%	\$146,923	\$156,900	6.8%	-6.4%
Librarian/Information Center Specialist II	21	Librarian I	\$55,771	\$50,240	-9.9%	11.0%	\$92,211	\$101,300	9.9%	-9.0%
Janitor/Custodian I	8	Building Services Worker II	\$32,488	\$33,830	4.1%	-4.0%	\$50,426	\$51,470	2.1%	-2.0%
Call Center Representative I	13	Customer Service Rep I	\$39,261	\$34,240	-12.8%	14.7%	\$63,425	\$43,320	-31.7%	46.4%
Call Center Supervisor	23	Program Manager I	\$61,189	\$61,520	0.5%	-0.5%	\$101,350	\$100,270	-1.1%	1.1%
Security Guard I (Unarmed)	15	Security Officer I	\$42,601	\$34,170	-19.8%	24.7%	\$69,604	\$55,340	-20.5%	25.8%
Security Guard Supervisor	23	Security Officer IV (Lt.)	\$61,189	\$70,950	16.0%	-13.8%	\$101,350	\$103,120	1.7%	-1.7%
Administrative Assistant I	12	Administrative Aide	\$37,707	\$36,820	-2.4%	2.4%	\$60,555	\$61,570	1.7%	-1.6%
Administrative Assistant II	13	Principal Administrative Aide	\$39,261	\$41,040	4.5%	-4.3%	\$63,425	\$68,990	8.8%	-8.1%
Administrative Assistant III	16	Office Services Coordinator	\$44,421	\$44,740	0.7%	-0.7%	\$72,930	\$73,780	1.2%	-1.2%
Executive Assistant III	18	Senior Executive Admin. Aide	\$48,566	\$53,480	10.1%	-9.2%	\$80,086	\$92,310	15.3%	-13.2%
Executive Assistant to CEO III	20	Executive Admin. Aide to CAO	\$53,246	\$65,020	22.1%	-18.1%	\$87,969	\$105,230	19.6%	-16.4%
Office Manager	21	Administrative Specialist II	\$55,771	\$58,790	5.4%	-5.1%	\$92,211	\$96,910	5.1%	-4.8%
Public Relations Specialist III	25	Public Information Officer II	\$67,156	\$76,190	13.5%	-11.9%	\$111,407	\$120,000	7.7%	-7.2%
Graphics Designer II	19	Graphic Artist	\$50,855	\$59,220	16.4%	-14.1%	\$83,931	\$96,720	15.2%	-13.2%
Legal Secretary II	16	Legal Secretary II	\$44,421	\$55,750	25.5%	-20.3%	\$72,930	\$88,920	21.9%	-18.0%
Legal Assistant/Paralegal II	23	Paralegal Specialist	\$61,189	\$53,080	-13.3%	15.3%	\$101,350	\$109,270	7.8%	-7.2%
In House Attorney II	27	Assistant County Attorney II	\$73,726	\$89,330	21.2%	-17.5%	\$122,514	\$152,990	24.9%	-19.9%
In House Attorney III	32	Assistant County Attorney III	\$92,020	\$116,660	26.8%	-21.1%	\$152,785	\$193,500	26.6%	-21.0%
Social Worker (MSW/LCSW) - II	24	Social Worker III	\$64,102	\$60,400	-5.8%	6.1%	\$106,250	\$101,980	-4.0%	4.2%
Staff Nurse (RN) II	24	Community Health Nurse II	\$64,102	\$62,790	-2.0%	2.1%	\$106,250	\$97,690	-8.1%	8.8%
Nurse Practitioner III	26	Nurse Practitioner	\$70,377	\$84,950	20.7%	-17.2%	\$116,825	\$140,870	20.6%	-17.1%
Marketing Analyst II	21	Transit Marketing Specialist	\$55,771	\$60,800	9.0%	-8.3%	\$92,211	\$99,350	7.7%	-7.2%
Vehicle Mechanic II	19	Mechanic Technician II	\$50,855	\$51,070	0.4%	-0.4%	\$83,931	\$80,320	-4.3%	4.5%
Plumber II	17	Plumber I	\$46,436	\$51,490	10.9%	-9.8%	\$76,419	\$78,850	3.2%	-3.1%

Avg % Change FY21: 4.63%

5.57%

Avg % Difference FY21: -3.37%

-4.05%

**NOTES:**

- 2021 Human Resources Association of the National Capital Area (HRA-NCA) Compensation Survey Report includes data on 572 job titles from 228 participating private and public-sector employers in the Washington-Baltimore Consolidated Metropolitan Statistical Area. The survey provides useful data on current salaries in the area but is not a reliable measure of salary changes over time, as survey participants, jobs, and job matches change from year to year.
- Percentage change required for MCG salary to reach HRA average salary was calculated by dividing dollar difference by MCG salary.
- Percentage difference between MCG salary and HRA average salary was calculated by dividing dollar difference by HRA salary.

**FY22 MINIMUM SALARY COMPARISONS  
SELECTED LOCAL JURISDICTIONS - SELECTED CLASSES  
(IN THOUSANDS)**

Montgomery County Title	MCG Grade	Alex City	Arlington Co	Balt City	Fairfax Co	Frederick Co	Howard Co	Loudon Co	MNCPPC	PG Co	Median	MCG	% Chg Req	% Dif
													for MCG to Reach Median	Between MCG & Median
Accountant/Auditor III	23	56.8	66.0	65.0	60.3	55.2	63.9	57.1	56.8	57.6	57.6	62.9	-8.3%	9.1%
Building Services Worker II	8	31.7	33.7584		28.7	32.1			33.8	28.2	31.9	34.2	-6.5%	7.0%
Carpenter I	17		50.4	35.8	45.4	34.4	43.1		42.1	33.7	42.1	48.1	-12.4%	14.2%
Community Health Nurse II	24	59.7	73.6		60.3	55.3		55.7		42.7	57.7	65.8	-12.3%	14.0%
Correctional Supervisor - Sergeant	C6		63.6		61.6	56.4	58.8	65.0		52.8	60.2	63.0	-4.5%	4.7%
Correctional Officer I (Pvt)	C3		54.0		55.8	46.6	46.9	56.2		48.0	51.0	49.8	2.5%	-2.4%
Correctional Officer III (Corporal)	C5		54.0		55.8	46.6	46.9	56.2		48.0	51.0	57.2	-10.9%	12.2%
Electrician I	18				49.9	48.2	48.4		42.1	47.4	48.2	50.2	-4.0%	4.2%
Engineer III	25	72.5	60.3	69.1	69.4	77.5	70.8	69.0	65.3	70.1	69.4	68.8	0.8%	-0.8%
Engineer Technician II	18	42.4	53.4	48.0	47.6	48.2	42.7	49.8		47.0	47.8	50.2	-4.9%	5.1%
Equipment Operator III	16	44.5	50.4	42.6	43.5	36.8	39.9	43.4	42.1	36.9	42.6	46.1	-7.6%	8.2%
Fire/Rescue Lieutenant	B1		74.6		69.2	62.0	87.0			56.7	69.2	66.3	4.4%	-4.2%
Firefighter/Rescuer I	F1	54.3	56.3	42.1	57.4	46.8	63.4	56.1		46.8	55.2	49.7	11.1%	-10.0%
Firefighter/Rescuer II	F2	54.3	56.3	42.1	57.4	46.8	63.4	56.1		46.8	55.2	52.2	5.8%	-5.5%
Highway Inspector I	19	49.1	57.4		52.3	45.1	52.1			42.7	50.6	52.5	-3.7%	3.8%
Human Resources Specialist III	25	56.8	60.3	69.1	63.2	51.6	63.9	62.2	54.1	49.8	60.3	68.8	-12.5%	14.2%
HVAC Mechanic I	18	46.8	74.4	39.0	47.6	48.2	48.4		42.1	44.8	47.2	50.2	-6.1%	6.5%
IT Specialist II	23	49.1	55.0	65.0	49.9	59.1	57.6	55.2	47.7	57.6	55.2	62.9	-12.2%	13.9%
IT Specialist III	26	54.1	84.9	69.1	63.2	63.2	57.6	58.1	56.8	51.9	58.1	72.1	-19.4%	24.1%
Librarian I	21	51.6	60.3	50.0	52.3	48.2		49.8			50.8	57.5	-11.6%	13.1%
Management and Budget Specialist III	25	65.8	57.4	65.0	60.3	63.2	70.8	62.2	65.3	57.6	63.2	68.8	-8.1%	8.9%
Mechanic Technician II	19	46.8	57.3		49.9	51.6	48.4		42.1	40.6	48.4	52.5	-7.9%	8.5%
Office Clerk	5	32.3	27.3		39.7	39.4	33.6	37.2	37.5	30.4	35.4	34.2	3.6%	-3.5%
Permitting & Code Enforcement Inspector III	23		53.4	47.0	49.9	51.6	77.8	48.1		42.2	49.9	62.9	-20.7%	26.1%
Planning Specialist III	23	56.8			57.4	59.1	63.9	57.1	61.2	57.6	57.6	62.9	-8.3%	9.1%
Police Officer I	P2	50.8	56.6		54.5		58.2	53.5		54.0	54.3	54.6	-0.6%	0.6%
Police Sergeant	A1	61.8	66.7	78.7	66.3		82.0	65.0		68.2	66.7	69.6	-4.1%	4.3%
Senior Public Safety Emergency Communications Specialist	21	49.1	67.0	46.1	51.7	45.1	49.0	53.3	42.1	51.4	49.1	57.5	-14.5%	17.0%
Principal Administrative Aide	13	36.9	33.1		39.4	39.4	35.0	43.4	42.1	33.7	36.9	40.9	-9.8%	10.9%
Procurement Specialist III	25	56.8	60.3	69.1	60.3	55.2	52.0	60.1	56.8	57.6	57.6	68.8	-16.3%	19.4%
Public Service Worker II	9	32.2	37.5	33.9	31.4	31.2	33.3	31.3	37.4	29.0	32.2	35.2	-8.5%	9.3%
Recreation Specialist	21	51.6		50.0	52.3	48.2	42.4	40.5	61.2	49.8	49.9	57.5	-13.1%	15.1%
Social Worker II	23	59.7	68.9	54.4	57.4	51.6				49.4	55.9	62.9	-11.1%	12.5%
Therapist II	24	62.7	68.9		57.4	67.7		58.0		57.6	60.3	65.8	-8.3%	9.0%

**NOTES:**

- Source: FY2022 Local Government Personnel Association Salary Survey (LGPA). Survey includes data from 21 jurisdictions in the national capital area.
- Montgomery County salaries based on FY22 Salary Schedules (Mid-year).
- Median salary does not include Montgomery County (MCG).
- Percent change required for MCG salary to reach LGPA median salary was calculated by dividing dollar difference by MCG salary. Instances where the MCG salary is higher than the median are characterized as a negative.
- Percent difference between MCG salary and LGPA median salary was calculated by dividing dollar difference by LGPA median salary.
- All numbers rounded to the nearest hundred.
- MNCPPC = Maryland-National Capital Park and Planning Commission; MCG = Montgomery County Government; PG = Prince George's.
- Due to lack of data, Anne Arundel County and Baltimore County were removed from the comparison and were replaced by Frederick County and Loudon County.

**FY22 MAXIMUM SALARY COMPARISONS  
SELECTED LOCAL JURISDICTIONS - SELECTED CLASSES  
(IN THOUSANDS)**

Montgomery County Title	MCG Grade	Alex City	Arlington Co	Balt City	Fairfax Co	Frederick Co	Howard Co	Loudon Co	MNCPPC	PG Co	Median	MCG	% Chg Req	% Dif
													for MCG to Reach Median	Between MCG & Median
Accountant/Auditor III	23	93.4	100.8	104.2	100.5	88.4	116.0	97.1	97.1	112.1	100.5	103.0	-2.5%	2.6%
Building Services Worker II	8	44.2	51.6		47.9	51.4			57.9	46.6	49.6	52.1	-4.7%	5.0%
Carpenter I	17		77.0	39.4	75.7	55.0	65.5		72.1	65.6	65.6	78.1	-16.0%	19.1%
Community Health Nurse II	24	98.1	112.5		100.5	88.5		100.3		78.4	99.2	107.9	-8.1%	8.8%
Correctional Supervisor - Sergeant	C6		107.5		91.0	91.9	97.5	110.7		102.6	100.1	107.1	-6.5%	7.0%
Correctional Officer I (Pvt)	C3		91.3		82.5	75.9	75.2	99.4		93.2	86.9	76.2	14.1%	-12.4%
Correctional Officer III (Corporal)	C5		91.3		82.5	75.9	75.2	99.4		93.2	86.9	93.8	-7.4%	8.0%
Electrician I	18				83.1	77.2	74.1		72.1	92.3	77.2	81.8	-5.6%	5.9%
Engineer III	25	119.2	119.7	110.6	115.7	123.9	128.5	120.7	113.8	136.3	119.7	113.1	5.9%	-5.5%
Engineer Technician II	18	69.7	81.6	58.2	79.4	77.2	75.9	84.7		86.2	78.3	81.8	-4.3%	4.5%
Equipment Operator III	16	73.2	77.0	48.8	72.4	58.9	60.7	73.8	72.1	68.0	72.1	74.6	-3.4%	3.5%
Fire/Rescue Lieutenant	B1		126.0		102.2	103.9	134.9			119.4	119.4	114.9	3.9%	-3.8%
Firefighter/Rescuer I	F1	96.3	95.1	68.3	84.8	81.7	97.1	99.2		95.6	95.3	86.1	10.7%	-9.6%
Firefighter/Rescuer II	F2	96.3	95.1	68.3	84.8	81.7	97.1	99.2		95.6	95.3	90.5	5.4%	-5.1%
Highway Inspector I	19	80.7	99.8		87.2	72.1	92.9			78.4	84.0	85.6	-1.9%	2.0%
Human Resources Specialist III	25	93.4	119.7	110.6	105.4	82.6	116.0	108.9	92.5	96.9	105.4	113.1	-6.8%	7.3%
HVAC Mechanic I	18	76.9	113.6	43.6	79.4	77.2	74.1		72.1	82.2	77.0	81.8	-5.8%	6.2%
IT Specialist II	23	80.7	84.0	104.2	83.1	94.6	102.8	93.9	81.6	112.1	93.9	103.0	-8.9%	9.8%
IT Specialist III	26	89.0	129.7	110.6	105.4	101.2	102.8	101.6	97.1	94.8	101.6	118.5	-14.2%	16.6%
Librarian I	21	84.7	96.4	60.8	87.2	77.2		84.7			84.7	93.9	-9.8%	10.9%
Management and Budget Specialist III	25	108.1	114.7	104.2	100.5	101.2	128.5	108.9	113.8	112.1	108.9	113.1	-3.7%	3.9%
Mechanic Technician II	19	76.9	87.5		83.1	82.6	74.1		72.1	74.7	76.9	85.6	-10.2%	11.4%
Office Clerk	5	50.5	41.7		66.1	63.0	50.8	61.4	64.3	53.7	57.5	46.1	24.8%	-19.9%
Permitting & Code Enforcement Inspector III	23		81.6	72.1	83.1	82.6	122.8	81.8		97.6	82.6	103.0	-19.8%	24.8%
Planning Specialist III	23	93.4			95.6	94.6	116.0	97.1	105.0	112.1	97.1	103.0	-5.7%	6.1%
Police Officer I	P2	90.1	95.8		80.5		60.3	94.7		87.9	89.0	94.7	-6.0%	6.4%
Police Sergeant	A1	109.5	112.8	110.6	97.9		136.1	110.7		117.1	110.7	120.6	-8.2%	8.9%
Senior Public Safety Emergency Communications Specialist	21	80.7	102.3	55.8	76.4	72.1	86.3	90.7	72.1	114.5	80.7	93.9	-14.0%	16.3%
Principal Administrative Aide	13	60.7		38.1		63.0	62.0	73.8	72.1	65.6	63.0	65.1	-3.2%	3.3%
Procurement Specialist III	25	93.4	119.7	110.6	100.5	88.4	94.5	105.2	97.1	112.1	100.5	113.1	-11.2%	12.6%
Public Service Worker II	9	52.9	57.2	36.3	52.4	49.9	48.0	51.7	64.1	48.8	51.7	54.4	-5.0%	5.2%
Recreation Specialist	21	84.7		60.8	87.2	77.2	77.0	68.9	105.0	96.9	81.0	93.9	-13.8%	16.0%
Social Worker II	23	98.1	105.2	66.3	95.6	82.6				90.4	93.0	103.0	-9.7%	10.7%
Therapist II	24	103.0	105.2		95.6	108.3		101.6		112.1	104.1	107.9	-3.6%	3.7%

**NOTES:**

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- MNCPPC = Maryland-National Capital Park and Planning Commission; MCG = Montgomery County Government; PG = Prince George's.
- Due to lack of data, Anne Arundel County and Baltimore County were removed from the comparison and were replaced by Frederick County and Loudon County.

**PERCENT DIFFERENCE FROM MEDIAN SALARY  
FY22 MINIMUM SALARY COMPARISONS  
SELECTED LOCAL JURISDICTIONS - SELECTED CLASSES**

Montgomery County Title	MCG Grade	Median	Alex City	Arlington Co	Balt City	Fairfax Co	Frederick Co	Howard Co	Loudon Co	MNCPPC	PG Co	MCG
Accountant/Auditor III	23	59.0	-3.6%	12.0%	10.2%	2.2%	-6.3%	8.3%	-3.1%	-3.7%	-2.2%	6.6%
Building Services Worker II	8	32.1	-1.3%	5.0%		-10.7%	0.0%			5.3%	-12.3%	6.3%
Carpenter I	17	42.6		18.3%	-16.0%	6.7%	-19.3%	1.1%		-1.1%	-20.9%	12.9%
Community Health Nurse II	24	59.7	0.0%	23.4%		1.0%	-7.3%		-6.6%		-28.5%	10.2%
Correctional Supervisor - Sergeant	C6	61.6		3.3%		0.0%	-8.4%	-4.5%	5.6%		-14.2%	2.4%
Correctional Officer I (Pvt)	C3	49.8		8.6%		12.2%	-6.4%	-5.7%	12.9%		-3.6%	0.0%
Correctional Officer III (Corporal)	C5	54.0		0.0%		3.4%	-13.8%	-13.2%	4.0%		-11.2%	5.9%
Electrician I	18	48.3				3.2%	-0.2%	0.2%		-12.8%	-1.9%	4.0%
Engineer III	25	69.3	4.7%	-13.0%	-0.2%	0.2%	11.8%	2.2%	-0.4%	-5.7%	1.2%	-0.6%
Engineer Technician II	18	48.0	-11.6%	11.3%	0.0%	-0.7%	0.6%	-11.1%	3.8%		-1.9%	4.8%
Equipment Operator III	16	43.0	3.6%	17.2%	-0.9%	1.1%	-14.4%	-7.2%	0.9%	-2.0%	-14.3%	7.2%
Fire/Rescue Lieutenant	B1	67.7		10.2%		2.1%	-8.4%	28.5%			-16.2%	-2.1%
Firefighter/Rescuer I	F1	54.3	0.0%	3.6%	-22.5%	5.6%	-13.9%	16.8%	3.2%		-13.8%	-8.6%
Firefighter/Rescuer II	F2	54.3	0.0%	3.6%	-22.5%	5.6%	-13.9%	16.8%	3.2%		-13.8%	-4.0%
Highway Inspector I	19	52.1	-5.7%	10.2%		0.5%	-13.4%	0.0%			-18.1%	0.9%
Human Resources Specialist III	25	61.2	-7.2%	-1.6%	12.9%	3.2%	-15.7%	4.3%	1.6%	-11.7%	-18.7%	12.4%
HVAC Mechanic I	18	47.6	-1.8%	56.3%	-18.1%	0.0%	1.3%	1.6%		-11.5%	-5.9%	5.5%
IT Specialist II	23	56.4	-13.0%	-2.6%	15.2%	-11.6%	4.7%	2.1%	-2.1%	-15.5%	2.2%	11.4%
IT Specialist III	26	60.6	-10.7%	40.1%	14.0%	4.2%	4.3%	-5.0%	-4.2%	-6.4%	-14.5%	18.8%
Librarian I	21	51.6	0.0%	16.9%	-3.0%	1.5%	-6.4%		-3.4%			11.4%
Management and Budget Specialist III	25	64.1	2.6%	-10.5%	1.4%	-6.0%	-1.4%	10.4%	-3.0%	1.9%	-10.1%	7.4%
Mechanic Technician II	19	49.1	-4.8%	16.6%		1.5%	5.0%	-1.5%		-14.3%	-17.3%	6.9%
Office Clerk	5	34.2	-5.5%	-20.0%		16.1%	15.2%	-1.7%	8.9%	9.9%	-11.1%	0.0%
Permitting & Code Enforcement Inspector III	23	50.7		5.2%	-7.4%	-1.7%	1.7%	53.4%	-5.2%		-16.8%	23.9%
Planning Specialist III	23	58.4	-2.6%			-1.7%	1.2%	9.4%	-2.1%	4.9%	-1.2%	7.7%
Police Officer I	P2	54.5	-6.7%	3.8%		0.0%		6.8%	-1.9%		-0.9%	0.2%
Police Sergeant	A1	67.4	-8.4%	-1.1%	16.7%	-1.8%		21.5%	-3.6%		1.1%	3.1%
Senior Public Safety Emergency Communications Specialist	21	50.2	-2.2%	33.3%	-8.3%	2.9%	-10.2%	-2.4%	6.2%	-16.1%	2.2%	14.4%
Principal Administrative Aide	13	38.1	-3.2%		-13.3%		3.2%	-8.3%	13.8%	10.4%	-11.7%	7.3%
Procurement Specialist III	25	58.9	-3.5%	2.4%	17.4%	2.4%	-6.2%	-11.7%	2.1%	-3.6%	-2.1%	16.9%
Public Service Worker II	9	32.7	-1.7%	14.5%	3.6%	-3.9%	-4.7%	1.7%	-4.2%	14.4%	-11.4%	7.5%
Recreation Specialist	21	50.0	3.1%		0.0%	4.6%	-3.5%	-15.2%	-19.0%	22.4%	-0.4%	14.9%
Social Worker II	23	57.4	4.0%	20.0%	-5.2%	0.0%	-10.0%				-13.9%	9.6%
Therapist II	24	62.7	0.0%	9.9%		-8.4%	8.0%		-7.4%		-8.0%	5.0%
Average \$ Difference from Median:			-2.8%	9.9%	-1.2%	1.0%	-4.0%	3.4%	0.0%	-1.9%	-9.4%	6.8%
# of Classes Matched:			27	30	21	33	32	29	26	19	33	34

**NOTES:**

- Source: FY2022 Local Government Personnel Association Salary Survey (LGPA). Survey includes data from 21 jurisdictions in the national capital area.
- Montgomery County salaries based on FY22 Salary Schedules (Mid-year).
- Median salary includes Montgomery County.
- Percent difference between salary and LGPA median salary was calculated by dividing dollar difference by LGPA median salary.
- MNCPPC = Maryland-National Capital Park and Planning Commission; MCG = Montgomery County Government; PG = Prince George's.
- Due to lack of data, Anne Arundel County and Baltimore County were removed from the comparison and were replaced by Frederick County and Loudon County.

**PERCENT DIFFERENCE FROM MEDIAN SALARY  
FY22 MAXIMUM SALARY COMPARISONS  
SELECTED LOCAL JURISDICTIONS - SELECTED CLASSES**

Montgomery County Title	MCG Grade	Median	Alex City	Arlington Co	Balt City	Fairfax Co	Frederick Co	Howard Co	Loudon Co	MNCPPC	PG Co	MCG
Accountant/Auditor III	23	100.6	-7.2%	0.2%	3.6%	-0.2%	-12.2%	15.2%	-3.4%	-3.5%	11.5%	2.4%
Building Services Worker II	8	51.4	-14.1%	0.3%		-6.9%	0.0%			12.6%	-9.4%	1.3%
Carpenter I	17	68.8		11.8%	-42.7%	10.0%	-20.1%	-4.8%		4.7%	-4.7%	13.5%
Community Health Nurse II	24	100.3	-2.2%	12.2%		0.2%	-11.7%		0.0%		-21.9%	7.6%
Correctional Supervisor - Sergeant	C6	102.6		4.7%		-11.4%	-10.5%	-5.0%	7.9%		0.0%	4.3%
Correctional Officer I (Pvt)	C3	82.5		10.6%		0.0%	-8.0%	-8.9%	20.4%		12.9%	-7.7%
Correctional Officer III (Corporal)	C5	91.3		0.0%		-9.6%	-16.8%	-17.6%	8.9%		2.1%	2.8%
Electrician I	18	79.5				4.6%	-2.9%	-6.8%		-9.3%	16.1%	2.9%
Engineer III	25	119.5	-0.2%	0.2%	-7.4%	-3.2%	3.7%	7.6%	1.0%	-4.7%	14.1%	-5.3%
Engineer Technician II	18	79.4	-12.2%	2.8%	-26.6%	0.0%	-2.7%	-4.3%	6.7%		8.6%	3.0%
Equipment Operator III	16	72.3	1.3%	6.5%	-32.4%	0.2%	-18.5%	-16.0%	2.1%	-0.2%	-5.9%	3.2%
Fire/Rescue Lieutenant	B1	117.2		7.6%		-12.8%	-11.3%	15.2%			1.9%	-1.9%
Firefighter/Rescuer I	F1	95.1	1.3%	0.0%	-28.1%	-10.8%	-14.0%	2.2%	4.4%		0.6%	-9.4%
Firefighter/Rescuer II	F2	95.1	1.3%	0.0%	-28.1%	-10.8%	-14.0%	2.2%	4.4%		0.6%	-4.8%
Highway Inspector I	19	85.6	-5.7%	16.5%		1.9%	-15.7%	8.5%			-8.5%	0.0%
Human Resources Specialist III	25	107.1	-12.8%	11.8%	3.3%	-1.6%	-22.9%	8.3%	1.6%	-13.6%	-9.6%	5.6%
HVAC Mechanic I	18	77.2	-0.4%	47.2%	-43.5%	2.8%	0.0%	-4.0%		-6.6%	6.5%	5.9%
IT Specialist II	23	94.2	-14.3%	-10.9%	10.7%	-11.8%	0.4%	9.1%	-0.4%	-13.4%	19.0%	9.4%
IT Specialist III	26	102.2	-12.9%	26.9%	8.2%	3.1%	-1.0%	0.6%	-0.6%	-5.0%	-7.2%	15.9%
Librarian I	21	84.7	0.0%	13.8%	-28.3%	2.9%	-8.9%		-0.1%			10.8%
Management and Budget Specialist III	25	110.5	-2.1%	3.8%	-5.7%	-9.1%	-8.4%	16.3%	-1.5%	3.0%	1.5%	2.3%
Mechanic Technician II	19	79.7	-3.6%	9.7%		4.3%	3.6%	-7.1%		-9.6%	-6.3%	7.4%
Office Clerk	5	53.7	-5.8%	-22.2%		23.2%	17.4%	-5.3%	14.5%	19.8%	0.0%	-14.1%
Permitting & Code Enforcement Inspector III	23	82.9		-1.5%	-12.9%	0.3%	-0.3%	48.2%	-1.3%		17.8%	24.4%
Planning Specialist III	23	100.1	-6.7%			-4.4%	-5.5%	15.8%	-2.9%	4.9%	12.0%	2.9%
Police Officer I	P2	90.1	0.0%	6.4%		-10.6%		-33.1%	5.1%		-2.4%	5.2%
Police Sergeant	A1	111.8	-2.1%	1.0%	-1.1%	-12.4%		21.8%	-1.0%		4.8%	7.9%
Senior Public Safety Emergency Communications Specialist	21	83.5	-3.3%	22.5%	-33.1%	-8.5%	-13.6%	3.3%	8.6%	-13.7%	37.1%	12.5%
Principal Administrative Aide	13	64.1	-5.3%		-40.4%		-1.6%	-3.2%	15.2%	12.6%	2.4%	1.6%
Procurement Specialist III	25	102.8	-9.1%	16.4%	7.6%	-2.3%	-14.1%	-8.1%	2.3%	-5.5%	9.1%	10.0%
Public Service Worker II	9	52.1	1.6%	9.9%	-30.2%	0.7%	-4.1%	-7.9%	-0.7%	23.1%	-6.2%	4.5%
Recreation Specialist	21	84.7	0.0%		-28.3%	2.9%	-8.9%	-9.1%	-18.7%	23.9%	14.3%	10.8%
Social Worker II	23	95.6	2.6%	10.0%	-30.7%	0.0%	-13.6%				-5.4%	7.7%
Therapist II	24	105.2	-2.1%	0.0%		-9.1%	2.9%		-3.4%		6.6%	2.6%
Average \$ Difference from Median:			-4.2%	7.3%	-18.4%	-2.4%	-7.3%	1.1%	2.7%	1.0%	3.4%	4.3%
# of Classes Matched:			27	30	21	33	32	29	26	19	33	34

**NOTES:**

- Source: FY2022 Local Government Personnel Association Salary Survey (LGPA). Survey includes data from 21 jurisdictions in the national capital area.
- Montgomery County salaries based on FY22 Salary Schedules (Mid-year); Maximum salary includes longevity.
- Median salary includes Montgomery County.
- Percent difference between salary and LGPA median salary was calculated by dividing dollar difference by LGPA median salary.
- MNCPPC = Maryland-National Capital Park and Planning Commission; MCG = Montgomery County Government; PG = Prince George's.
- Due to lack of data, Anne Arundel County and Baltimore County were removed from the comparison and were replaced by Frederick County and Loudon County.

# MCGEO

## The Fiscal Impact of Service Increments



# Fiscal Impact Statements Include “Costs” for Increments

(e.g., FY 2017 Budget Below with increment costs in yellow)

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>	
			<u>FY17</u>	<u>Beyond FY17</u>
5	Wages	0.5 Percent General Wage Adjustment in July 2016 and 0.5 Percent General Wage Adjustment in January 2017	\$2,732,914	\$3,643,885
5.1	Longevity	Longevity Step Increase of 3 Percent for Eligible Employees	\$86,226	\$172,618
5.2	Lump Sum	1 Percent Lump Sum Payment for Eligible Employees at top of grade	\$1,241,241	\$0
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$3,712,403	\$7,341,114
6.9	Service Increments	Postponed Increment - 3.5 Percent Paid in May 2017	\$718,336	\$4,669,183
9	Classification Studies	25 Individual and 7 Job Classification Studies	\$25,000	\$0
21	Insurance Coverage	Inclusion of Pharmacy Benefit Management Programs	-\$202,564	-\$270,085
21	Insurance Coverage	Domestic Partner Coverage, effective January 2017	\$251,956	\$503,912
53	Seasonal Employees	Additional \$0.25 for Eligible Seasonal Employees	\$116,699	\$116,699
<b>Total</b>			<b>\$8,682,212</b>	<b>\$16,177,326</b>

## Non-Represented Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>	
		<u>FY17</u>	<u>Beyond FY17</u>
Wages	0.5 Percent General Wage Adjustment in July 2016 and 0.5 Percent General Wage Adjustment in January 2017	\$1,542,247	\$2,056,329
Longevity	Longevity Step Increase of 2 Percent for Eligible Employees	\$20,497	\$42,026
Lump Sum	1 Percent Lump Sum Payment for Eligible Employees at top of grade	\$675,268	\$0
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,311,026	\$2,564,864
Service Increments	Postponed Increment - 3.5 Percent Paid in May 2017	\$190,314	\$1,237,043
Insurance Coverage	Inclusion of Pharmacy Benefit Management Programs	-\$186,927	-\$249,236
Insurance Coverage	Domestic Partner Coverage, effective January 2017	\$92,320	\$184,640
<b>Total</b>		<b>\$3,644,745</b>	<b>\$5,835,667</b>

\* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.  
Note: Transit Accident Review is estimated to have an impact of \$21,600 in FY17, paid through LMRC funds.  
Fleet Safety Shoes can be provided within current equipment appropriation.





Table 1

Increment Fiscal Impact Summary		
	FY 17	Annually Beyond FY 17
Total	\$5,130,152	\$10,120,622

# 1 THE “COST” LOGIC MODEL

Table 2

County Fiscal Impact Logic Model - 10 Year Impact											
Cost of Increment /Year	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
FY17	\$5,130,152	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622
FY18		\$5,130,152	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622
FY19			\$5,130,152	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622
FY20				\$5,130,152	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622
FY21					\$5,130,152	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622
FY22						\$5,130,152	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622
FY23							\$5,130,152	\$10,120,622	\$10,120,622	\$10,120,622	\$10,120,622
FY24								\$5,130,152	\$10,120,622	\$10,120,622	\$10,120,622
FY25									\$5,130,152	\$10,120,622	\$10,120,622
FY26										\$5,130,152	\$10,120,622
FY27											\$5,130,152
FY Total	\$5,130,152	\$15,250,774	\$25,371,396	\$35,492,018	\$45,612,640	\$55,733,262	\$65,853,884	\$75,974,506	\$86,095,128	\$96,215,750	\$106,336,372
Cumulativ	\$5,130,152	\$20,380,926	\$45,752,322	\$81,244,340	\$126,856,980	\$182,590,242	\$248,444,126	\$324,418,632	\$410,513,760	\$506,729,510	\$613,065,882

Assumes no General Wage Adjustments(GWA)

However, the ten-year “Cost” of increments is not **\$613,065,882.**

## 2 So, WHAT DO INCREMENTS “COST?”

**Nothing**



### 3 EVERY YEAR 71% OF MCGEO EMPLOYEES RECEIVE INCREMENTS

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- Increment Costs for that 71% are the same each year.
- Next Year “Costs” for Increments would increase only if.
  - a higher percent of employees receives them, or,
  - the amount of the increment is increased.
  - Neither of these conditions have occurred.

Table 3

**Eligibility of Permanent  
MCGEO Employees for Service  
Increment**

As of December 31	% at Max	% Eligible
2021	34%	66%
2020	30%	70%
2019	31%	69%
2018	29%	71%
2017	29%	71%
2016	29%	71%
2015	30%	70%
2014	28%	72%
2013	23%	77%
2012	16%	84%
2011	28%	72%
2010	25%	75%
2009	32%	68%
2008	32%	69%
2007	33%	67%
2006	32%	69%
2005	32%	68%
2004	29%	71%
2003	30%	70%
Average	29%	71%



## 4 AVERAGE MCGEO SALARY HAS INCREASED ONLY WITH GENERAL WAGE ADJUSTMENTS (GWAs)

Table 4

MCGEO Average Salaries				
FY	GWA Percent	Cumulative Compounded GWA	Average Salary (from PMR)	Cumulative Average Salary
2005			\$53,161	
2006	2.75%	2.75%	\$55,242	3.91%
2007	3.00%	5.83%		
2007	1.00%	6.89%	\$57,204	7.61%
2008	4.00%	11.17%	\$60,464	13.74%
2009	4.50%	16.17%	\$64,237	20.84%
2010	0.00%	16.17%	\$64,169	20.71%
2011	0.00%	16.17%	\$64,384	21.11%
2012	0.00%	16.17%	\$63,535	19.52%
2013	0.00%	16.17%	\$62,820	18.17%
2014	3.25%	19.94%	\$64,720	21.74%
2015	3.25%	23.84%	\$67,021	26.07%
2016	2.00%	26.32%	\$69,035	29.86%
2017	0.50%	26.95%	\$69,722	31.15%
2018	2.00%	30.14%	\$71,705	34.88%
2019	2.00%	32.74%	\$73,710	38.66%
2020	2.25%	35.73%	\$76,048	43.05%
2021	1.50%	37.76%	\$76,390	43.70%
2022	2.20%	<b>40.80%</b>	\$79,128	<b>48.85%</b>
Difference		<b>8.05%</b>		

**GWAs account for all but 8.05% of salary increases over the years.**

The 8.05% not attributable to GWAs likely includes grade creep (the average grade of jobs has increased by about 1 grade or 5%), new scales, and within-grade advancements.

**Increments had no impact.**



## 5 THE AGE ANALOGY

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The County first reported average employee age in the Personnel Management Review in 2015. The Average Age in 2015 was 46.2 Years.

Every employees' age increases 1 year every year. So, using the same logical model for age as is used for calculating increment costs would result in the following age table.

### Logic Model Age Projection

FY	AverageAge
2015	46.20
2016	47.20
2017	48.20
2018	49.20
2019	50.20
2020	51.20
2022	53.20

### Actual MCGEO Average Age

FY	AverageAge
2015	46.20
2016	46.60
2017	46.70
2018	46.60
2019	47.10
2020	47.10
2022	47.30

Age remains constant. Remaining employees age. Others leave and are replaced. Those leaving are older and higher paid. Replacements are younger lower paid employees. These turnover dynamics offset the remaining employees' added age and increments. Both average age and average salary remain the same.



- The County’s audited financial statements show budgeted expenditures for the Employee Health Insurance Fund have exceeded actual expenditures in every year, beginning in FY2007, from amounts ranging from 6.2% (FY2007) of the budget to 42.4% of the budget (FY2017).
- In FY2022, (final) budgeted expenditures exceeded actual expenditures by \$129 million (41.7%)
- In FY2023, (original) budgeted expenditures exceed actual FY2022 expenditures by \$135 million.

**Employee Health Self Insurance Fund - Budgeted vs. Actual Expenditures**

Fiscal Year	Budget	Actual	Variance (Actual - Budget)	
			(in dollars)	(% of budget)
2023	<b>314,927,063</b>			
2022	309,004,044	180,094,666	<b>(128,909,378)</b>	<b>41.7%</b>
2021	295,555,399	172,234,233	<b>(123,321,166)</b>	<b>41.7%</b>
2020	265,935,348	166,414,717	<b>(99,520,631)</b>	<b>37.4%</b>
2019	260,145,118	170,019,120	<b>(90,125,998)</b>	<b>34.6%</b>
2018	244,988,222	159,948,109	<b>(85,040,113)</b>	<b>34.7%</b>
2017	245,953,492	141,574,654	<b>(104,378,838)</b>	<b>42.4%</b>
2016	227,063,196	138,184,834	<b>(88,878,362)</b>	<b>39.1%</b>
2015	215,698,570	140,122,156	<b>(75,576,414)</b>	<b>35.0%</b>
2014	194,106,513	129,669,760	<b>(64,436,753)</b>	<b>33.2%</b>
2013	199,873,121	129,865,185	<b>(70,007,936)</b>	<b>35.0%</b>
2012	195,657,294	142,405,699	<b>(53,251,595)</b>	<b>27.2%</b>
2011	187,600,569	120,910,784	<b>(66,689,785)</b>	<b>35.5%</b>
2010	174,655,207	117,898,231	<b>(56,756,976)</b>	<b>32.5%</b>
2009	166,085,670	109,030,317	<b>(57,055,353)</b>	<b>34.4%</b>
2008	151,399,909	109,001,168	<b>(42,398,741)</b>	<b>28.0%</b>
2007	142,034,288	133,258,074	<b>(8,776,214)</b>	<b>6.2%</b>
2006	124,127,702	124,127,687	<b>(15)</b>	<b>0.0%</b>

Sources: Montgomery County, Md. Annual Comprehensive Financial Reports, FY2006 through FY2022, Exhibit D-4.

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