Montgomery County Council

Committee: GO
Committee Review: Completed
Staff: Christine Wellons, Senior Legislative Attorney
Khandikile Sokoni, Legislative Attorney
Purpose: Final action – vote expected

AGENDA ITEM #13B
July 25, 2023
Action

SUBJECT

Expedited Bill 19-23, Department of Police – Pension and DSRP Adjustments

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

EXPECTED ATTENDEES

- Jennifer Harling, Director, Office of Labor Relations
- Corey Orlosky, Office of Management and Budget
- Ed Haenftling, Office of the County Attorney
- Lee Holland, President, FOP Lodge 35
- Yan Yan, MCERP Traci Anderson, Director, Office of Human Resources

COUNCIL DECISOIN POINTS & COMMITTEE RECOMMENDATION

- The Government Operations & Fiscal Policy Committee (GO) unanimously (3-0) recommends enactment of Bill 19-23 as introduced.
- Final Action – Roll call vote expected.

DESCRIPTION/ISSUE

Expedited Bill 19-23 would:

(1) amend the Discontinued Retirement Service Plan to replace the age and length of service eligibility requirements with eligibility based upon the employee's normal retirement date;

(2) amend Group F pension multipliers for the Integrated Retirement Plan; and

(3) generally amend the law regarding retirement plans for Group F members.

SUMMARY OF KEY DISCUSSION POINTS

- The expedited bill was requested by the County Executive as a result of negotiations between the Executive and the Fraternal Order of Police, Montgomery County Lodge 35, Inc. (FOP) for the collective bargaining agreement (CBA) that took effect on July 1, 2023.
- Pursuant to the CBA: "Should the county council fail to enact any legislation [Bill 19-23] agreed to in Article 57 of this agreement, the parties shall reopen on additional cash compensation and/or retirement within 30 days of the rejection of the legislation." (Article 31, Section F).
- In its approval of the FY24 Operating Budget, the Council appropriated FY24 funding to implement Bill 19-23; however, this funding is contingent upon the enactment of the bill.
- The GO Committee held a worksession on June 20 and unanimously recommended approval of the Bill as introduced.

Attachments:

GO Item #2
July 20, 2023
Worksession

M E M O R A N D U M

July 17, 2023

TO: Government Operations and Fiscal Policy (GO) Committee

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

SUBJECT: Expedited Bill 19-23, Department of Police – Pension and DSRP Adjustments

PURPOSE: Worksession – Committee recommendation expected

Expected Attendees

- Jennifer Harling, Director, Office of Labor Relations (invited)
- Corey Orlosky, Office of Management and Budget
- Ed Haenftling, Office of the County Attorney (invited)
- Lee Holland, President, FOP Lodge 35
- Carol Jones, Montgomery County Employee Retirement Plans (MCERP)
- Yan Yan, MCERP

Expedited Bill 19-23, Department of Police – Pension and DSRP Adjustments, sponsored by Council President Glass at the request of the County Executive, was introduced on April 11, 2023. A public hearing occurred on April 25, 2023.

Expedited Bill 19-23 would:

(1) amend the Discontinued Retirement Service Plan to replace the age and length of service eligibility requirements with eligibility based upon the employee's normal retirement date;
(2) amend Group F pension multipliers for the Integrated Retirement Plan; and
(3) generally amend the law regarding retirement plans for Group F members.

Group F is the retirement plan for sworn police personnel, and a current retirement plan summary for Group F is available online.

A. Background

The expedited bill was requested by the County Executive as a result of negotiations between the Executive and the Fraternal Order of Police, Montgomery County Lodge 35, Inc. (FOP) for the collective bargaining agreement (CBA) that took effect on July 1, 2023.

Pursuant to the CBA: "Should the county council fail to enact any legislation [Bill 19-23] agreed to in Article 57 of this agreement, the parties shall reopen on additional cash compensation and/or retirement within 30 days of the rejection of the legislation." (Article 31, Section F).

In its approval of the FY24 Operating Budget, the Council tentatively approved FY24 funding to implement Bill 19-23; approval of the funding is contingent upon the enactment of the bill.

B. Bill Description

Bill 19-23 would enhance retirement benefits for FOP members through: (1) raising the Social Security integration age from 67 to 70; (2) expanding eligibility for the Discontinued Retirement Service Plan (DRSP); and (3) increasing pension multipliers.

1. Social Security Integration

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

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

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

Age of Social Security Integration

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

The cost for this proposed change is $1.22 million in FY24 and increases to $1.37 million annually by FY29.

2. DRSP eligibility

The DSRP (also referred to as DROP) allows an employee in a defined benefit retirement plan to continue to work and begin collecting a pension benefit at the same time. During participation, usually limited to a set number of years, the pension benefit is deposited into an account on behalf of the employee. An employee who retires from a DSRP/DROP program will receive the funds accumulated in the account and begin directly collecting their pension benefit.[1]

In terms of DRSP eligibility, the bill would change the eligibility to enter the DRSP from age 46 with 25 years of service to normal retirement as detailed in the table below.

DRSP Eligibility

Current	Proposed
Age 46 with 25 Years of Service	• Age 55 with 15 Years of Service; or • Any Age with 25 Years of Service

The cost for this proposed change is \$120,327 in FY24 and increases to \$135,429 annually by FY29.

3. Pension multiplier increase

Group F members currently earn a pension benefit of 2.4% of average final earnings (AFE) for the first 25 years of service and 2.4% for years 26-36 of service. The bill would modify the pension multipliers to 2.6% of AFE for the first 25 years of service and 2.4% of AFE for years 26-34. This proposed pension modification would raise the maximum pension benefit from 86.4% of final earning after 36 years of service to 86.6% of final earnings after 34 years. The proposed changes would also raise the pension benefit for those retiring at an earlier age. For example, the pension benefit for an employee who retires after 25 years of service would increase from 60.0% to 65.0% of final earnings.

Pension Multipliers: Group F

Current	Proposed
Years 1-25: 2.4% of AFE for each year of service **Years 26-36:** 2.4% of AFE for each year of service **Benefit after 25 years:** 60.0% **Maximum benefit:** 86.4% after 36 years	**Years 1-25:** 2.6% of AFE for each year of service **Years 26-34:** 2.4% of AFE for each year of service **Benefit after 25 years:** 65.0% **Maximum benefit:** 86.6% after 34 years

The multiplier increases would become effective in January 2025, and as a result does not have a fiscal impact until FY25. The cost for this proposed change is \$1.44 million in FY25, and increases to \$3.24 million annually by FY29.

[1] A detailed summary of the DROP benefit available to firefighters and police officers is available in [OLO Report 2012-5: Montgomery County Deferred Option Retirement Plans]

C. Summary of Impact Statements

Fiscal impact. According to the Office of Management and Budget, based on data from the County's actuarial consultant, Bill 19-23 would increase expenditures by approximately $1.34 million in FY24, increasing annually to $4.75 million by FY29 (broken down by element in the table below). These annual costs reflect the County's policy to amortize additional unfunded liability created by pension changes over 20 years, and would reduce the current funded ratio for Group F in the pension fund by approximately 3.0%. Revenues would not be impacted.

Retirement Change	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
DRSP Eligibility	$120,327	$123,937	$127,654	$131,485	$135,429	$135,429	$774,261
SS Integration Age	$1,220,578	$1,257,196	$1,294,911	$1,333,759	$1,373,771	$1,373,771	$7,853,986
Pension Multiplier	$0	$1,440,820	$2,968,089	$3,057,130	$3,148,845	$3,243,310	$13,858,194
Total	**$1,340,905**	**$2,821,953**	**$4,390,654**	**$4,522,374**	**$4,658,045**	**$4,752,510**	**$22,486,441**

RESJ impact. "The Office of Legislative Oversight (OLO) anticipates Expedited Bill 19-23 will have a minimal to small, negative impact on racial equity and social justice (RESJ) in the County, as it would potentially reallocate $1.3 to $4.8 million annually in funding for programs benefitting all residents to Montgomery County Police Department (MCPD) employees who are disproportionately White. To improve the RESJ impact of this Bill, the Council can consider adopting policy options for enhancing the racial and ethnic diversity of MCPD personnel that reflect Department of Justice recognized best practices."

Economic impact. "The Office of Legislative Oversight (OLO) anticipates Expedited Bill 19-23 would have a moderate negative impact on economic conditions in the County in terms of the Council's priority indicators. By modifying the eligibility for the Discontinued Retirement Service Plan, pension multipliers, and Social Security integrate age for Group F members, the Bill would increase the actuarial value of income for current and future Montgomery County sworn police officers who participate in the Employees' Retirement System. Based on rates of County residence among retired police officers, approximately half of the income increase likely would go to residents. The remainder would constitute significant capital outflows in the form of government revenue used to fund pension increases for retired police officers who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations. Moreover, capital outflows caused by the policy change would occur indefinitely if current rates of County residence among retired police officers continue. Because there are no indications current residence patterns among current and retired police officers will drastically change, OLO believes the negative impacts of the Bill would be significant in the long term."

Climate assessment. The bill does not have any anticipated climate impacts.

D. Summary of Public Hearing

At the public hearing on April 25, FOP President Holland testified that the bill's focus on enhancing retirement benefits will make the County more competitive with surrounding jurisdictions. He stated that the bill will help the Police Department to fill vacancies.

E. Issues for the Committee's Consideration

1. Effects on Recruitment and Retention

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

Specific to the proposed Group F changes, the Committee may want to discuss with the Executive Branch and labor representatives the rationale for delaying the effective date of the pension multiplier increase to January 2025.

2. Long-term Costs

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

3. Timing of Social Security Integration

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

<u>This packet contains</u>:	Circle #
Expedited Bill 19-23	© 1
Fiscal Impact Statement	© 5
Legislative Request Report	© 7
Memorandum of Agreement (MOA)	© 8

Expedited Bill No. 19-23
Concerning: Department of Police – Pension and DSRP adjustments
Revised: 04/05/2023 Draft No. 1
Introduced: April 11, 2023
Expires: December 7, 2026
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

(1) amend the Discontinued Retirement Service Plan to replace the age and length of service eligibility requirements with eligibility based upon the employee's normal retirement date;
(2) amend Group F pension multipliers for the Integrated Retirement Plan; and
(3) generally amend the law regarding retirement plans for Group F members.

By amending
Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-38A and 33-42

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

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

Sec. 1. Sections 33-38A and 33-42 are amended as follows:

33-38A. Deferred Retirement Option Plans

* * *

(a) *DROP Plan for Group F members.* "Discontinued Retirement Service Program" or "DRSP" means the DROP program for Group F members.

(1) *Eligibility*. A Group F member who **[**is at least 46 years old and has at least 25 years of credited service**]** has reached their normal retirement date may participate in the DRSP.

* * *

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

* * *

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

* * *

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

* * *

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

(i) From date of retirement to the month of attainment of the maximum Social Security retirement benefit age: 2.4[%] percent of average final earnings multiplied by years of credited service up to a maximum of 36 years, including sick leave credits. Credited service of less than one full year must be prorated. The maximum benefit with the application of sick leave credits must not exceed 86.4[%] percent of average final earnings. Effective January 1, 2025, the multiplier will increase to 2.6 percent of average final earnings multiplied by years of credited service up to 25 years, and 2.4 percent of average final earnings multiplied by years of credited service from 25 years to a maximum of 34 years, including sick leave credits.

(ii) From the month the member reaches the maximum Social Security [normal] retirement benefit age: 1.65[%] percent of average final earnings up to the maximum of 36 years, including sick leave credits, up to the Social Security maximum covered compensation in effect on the date of retirement, plus 2.4[%] percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement, multiplied by years of credited service up to a maximum of 36 years, including sick leave credits. Years of credited service of less than one full year must be prorated. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches the maximum Social Security retirement benefit age. Effective January 1, 2025, the multiplier will increase to 1.8 percent of average final earnings up to a maximum of 25 years, and 1.65 percent of average final earnings for more than 25 years to a maximum of 34 years, including sick leave credit, up to the Social Security maximum covered compensation in effect on the date of retirement, plus 2.6 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement multiplied by years of credited service from 25 years, and 2.4 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement multiplied by years of credited service from 25 years to a maximum 34 years, including sick leave credits.

* * *

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

Fiscal Impact Statement

Office of Management and Budget

Bill XX-23	Department of Police - Pension and DRSP Adjustments for Group F Members
Bill Summary	Bill XX-23 adjusts the age and service length requirements for participation in the Discontinued Retirement Service Program (DRSP), increases the pension amount for Group F participants, and adjusts the effect of integration at Social Security retirement age.
Fiscal Impact Summary	Expenditures increase by approximately $1.3 million in FY24, increasing annually to $4.8 million by FY29. Revenues are not impacted.

Fiscal Year	2024	2025	2026	2027	2028	2029	Total
Personnel Costs	$1,340,905	$2,821,953	$4,390,654	$4,522,374	$4,658,045	$4,752,510	$22,486,441
Operating Expenses	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	**$1,340,905**	**$2,821,953**	**$4,390,654**	**$4,522,374**	**$4,658,045**	**$4,752,510**	**$22,486,441**
Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Impact	**($1,340,905)**	**($2,821,953)**	**($4,390,654)**	**($4,522,374)**	**($4,658,045)**	**($4,752,510)**	**($22,486,441)**
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

The change for DRSP participation will clear up eligibility issues for a small number of employees whose eligibility for DRSP by reaching their normal retirement date does not coincide with hitting the current threshold of 46 years of age and 25 years of credited service, which is estimates at $120,327 in FY24.

The Social Security integration age change would adjust the age at which the benefit reduces for Social Security from 65 to 67 years (based on the date of birth) to the current Social Security normal retirement age of 70, with an estimated impact of $1.2 million in FY24.

The pension multiplier increases for Group F would increase the maximum benefit from 86.4% to 86.6% but increase the value at 25 years of service from 60% to 65%, an estimated first year impact in FY25 of $1.4 million, taking effect in January 2025.

Retirement Change	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
DRSP Eligibility	$120,327	$123,937	$127,654	$131,485	$135,429	$135,429	$774,261
SS Integration Age	$1,220,578	$1,257,196	$1,294,911	$1,333,759	$1,373,771	$1,373,771	$7,853,986
Pension Multiplier	$0	$1,440,820	$2,968,089	$3,057,130	$3,148,845	$3,243,310	$13,858,194
Total	**$1,340,905**	**$2,821,953**	**$4,390,654**	**$4,522,374**	**$4,658,045**	**$4,752,510**	**$22,486,441**

Staff Impact

The bill requires adjustments to retirement factors that will result in changes to enrollment processes and record keeping for both OHR and MCERP. These changes are anticipated to be absorbed by each department's current staff.

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

LEGISLATIVE REQUEST REPORT

Bill XX-23
Department of Police – Pension and DRSP adjustments for Group F Members

DESCRIPTION:	This Bill would amend the County Code to replace the age and length of service eligibility requirements of the Discontinued Retirement Service Plan with eligibility based upon the employee's normal retirement date; and adjust Group F pension multipliers for the Integrated Retirement Plan.
PROBLEM:	Changes to County pensions require legislation.
GOALS AND OBJECTIVES:	To amend the County Code to implement negotiated provisions in the Collective Bargaining Agreement between Montgomery County and the Fraternal Order of Police, Lodge 35, Inc.
COORDINATION:	Office of Labor Relations Montgomery County Employee Retirement Plans
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	Unknown.
SOURCE OF INFORMATION:	Jennifer Harling, Esquire Office of Labor Relations
APPLICATION WITHIN MUNICIPALITES:	N/A
PENALTIES:	N/A

MEMORANDUM OF AGREEMENT
BETWEEN
THE MONTGOMERY COUNTY GOVERNMENT
AND THE
FRATERNAL ORDER OF POLICE, MONTGOMERY COUNTY LODGE 35, INC

The Montgomery County Government (Employer) and the Fraternal Order of Police, Montgomery County Lodge 35, Inc. (Union), conducted negotiations pursuant to Section 33-75, et sq., of the Montgomery County Code for the term July 1, 2023 through June 30, 2025. As a result of those negotiations, the Employer and the Union agree that the Collective Bargaining Agreement shall be amended according to the terms set forth below.

Please use the following key when reading this agreement:

<u>Underlining</u>	*Added to existing agreement*
[Single boldface brackets]	*Deleted from existing agreement.*
* * *	*Existing language unchanged*

The parties agree to amend the contract as follows:

* * *

Article 2 Administrative Leave

* * *

Section I. In addition, administrative leave shall be granted to:

* * *

2. A full-time or part-time employee shall be granted paid leave for <u>40 hours</u> **[**3**]** consecutive **[**workdays**]** in the event of a death in the immediate family as defined as follows:

   Parent, step-parent, spouse, brother or sister, child or stepchild, grandparent, grandchild, domestic partner, and legal guardian; Domestic partner's parent, step-parent, grandparent, and grandchild; Spouse's parent, step-parent, grandparent, and grandchild; or any other relative living with the employee at the time of death. In extenuating circumstances the chief administrative officer may approve administrative leave for other relatives. [See Side Letter: *June 20, 2001*.]

   [In addition, an employee who must travel more than 250 miles one way from their residence in connection with a death in the immediate family is entitled to an additional consecutive workday of leave.**]**

* * *

4. An employee who is relieved of police powers **[**in excess of 90 days**]** pending (excludes employees who are suspended for alleged commission of a felony):
   a. An investigation of incidents or charges, or
   b. Removal.

*   *   *

Article 3 Agency Shop and Dues Check-off

Section A. The provisions of Article 3 shall be applied in a manner consistent with the PLRA and federal law, as membership is not a condition of employment. Bargaining unit employees covered by this agreement may elect to become a member by paying membership dues.[1] **[**It shall be a continuing condition of employment with the County that employees covered by this Agreement: 1) shall become and remain members of the FOP in good standing to the extent of paying the FOP membership dues, or 2) in the alternative an employee shall be required to pay a service fee in the amount of twelve dollars ($12.00) biweekly for a total of three hundred twelve dollars ($312.00) per year for the duration of this contract.**]** In order to remain a member in good standing, employees shall pay the FOP membership dues. Such biweekly payments shall be deducted by the County. **[**In the event of an FOP dues increase, the service fee may be increased on July 1 of any year of this Agreement upon sixty (60) days advance notice to the County. The increase shall not exceed the new dues amount.**]** The FOP is responsible for certifying in writing all dues increases and the correct amount to be deducted for each bargaining unit member.

*   *   *

Section D. Voluntary Check-off. Upon receipt of a written authorization from a member of the bargaining unit in the form attached hereto, the County shall, pursuant to such authorization, deduct from the wages due each pay period, the amount of FOP dues or the fee set forth in this Article. The FOP will notify the Employer whenever a bargaining unit employee changes their membership status.

The Employer shall provide a voluntary check-off for voluntary political contributions from employees and shall make every reasonable effort to remit same to Lodge 35 on a biweekly basis. Any voluntary check-off form provided by Lodge 35 shall be in compliance with federal and state election law requirements. The County will remit the amounts deducted to FOP at its mailing address pursuant to procedures now in effect.

Section E. The County shall be relieved from making check-off deductions upon a bargaining unit member's (a) termination from employment, (b) transfer to a job outside of the Department of Police, (c) transfer to a job outside the bargaining unit, (d) layoff from work, (e) authorized leave of absence, or (f) revocation of the check-off authorization in accordance with its terms.

*   *   *

[1] As a result of the United States Supreme Court decision in Janus v. AFSCME, Council 31, 138 S. Ct. 2448, 201 L.Ed.2d 924 (2018) and subsequent action by the Montgomery County Council (Bill 35-19, Montgomery County Code § 33-78), the following language is not currently enforceable: "It shall be a continuing condition of employment with the County that employees covered by this Agreement: 1) shall become and remain members of the FOP in good standing to the extent of paying the FOP membership dues, or 2) in the alternative an employee shall be required to pay a service fee in the amount of twelve dollars ($12.00) biweekly for a total of three hundred twelve dollars ($312.00) per year for the duration of this contract."

Article 7 Communications Facilities

* * *

Section F. Contract Interpretation. The only persons qualified to interpret this Agreement on behalf of the Union shall be the President or his designee. The Union shall notify the Employer in writing of the names of the designees within 30 days of the effective date of this Agreement.

* * *

Article 15 Hours and Working Conditions

* * *

Section N. Overtime Callback Lists.

1. There shall be two lists [which] that are used by department designee(s) to fill unit staffing shortages on an overtime basis. Employees who are in the rank of MPO and below will be placed on one list. Sergeants will be placed on a second list. A "group page" callback list will be maintained in units with employees [who have] with specialized skills, training, or expertise (i.e., K9, ERT, CRU) to facilitate an immediate response to a call back request. Group paging refers to an electronic message sent out simultaneously to a designated group. For the purposes of "paging", the designated groups will be equitably rotated in lieu of seniority. If a page does not result in a response from a sufficient number of officer(s) from the designated group, the next group may be paged until a sufficient number of officer(s) respond.
2. A sign-up list shall be circulated within a unit at the beginning of every fiscal year quarter (January, April, July, and October) so that interested eligible employees may voluntarily sign up so that they can be contacted regarding overtime callback work. Volunteers will then be placed on the list that is appropriate for their rank.

* * *

10. [Employees who are assigned to a district during a quarter shall be immediately eligible to be placed on the overtime callback list.] If the Patrol Services Bureau is unable to staff overtime details or overtime callback details within their own bureau, the employer may offer the overtime opportunities to bargaining unit members assigned to District Investigative Sections (of the district where the overtime opportunity originated).

* * *

Article 24 Insurance Coverage and Premiums

* * *

Section C. Prescription Drug Plan. Effective January 1, **[**2009**]** 2024, the County shall provide **[**prescription plans (Prescription Drug Plan - $5/$10 co-pays and Modified Prescription Drug Plan Option - $10/$20/$35 co-pays with a $50 deductible)**]** one prescription plan, the Standard Prescription Drug Plan Option ($10/$20/$35 co-pays with a $50 deductible), for all active employees. Employees who select the **[**Modified Plan Option**]** Standard Plan Option shall pay 20% of the cost of the Modified Prescription Drug Plan Option. The Employer shall pay the remaining 80% of the **[**Modified Prescription Drug Plan Option**]** Standard Plan Option. **[**For employees who select the Prescription Drug Plan, the employer shall pay 80% of the total premium cost of the Modified Prescription Drug Plan Option and the employee shall pay the remainder of the prescription drug plan premium.**]**

* * *

Article 27 Secondary Employment

* * *

Section F. Additional Restrictions - Uniform Secondary Employment

* * *

15. Bargaining unit members are required to use the BWCS while working secondary employment in accordance with the Departments BWCS policy under the following circumstances:

    a. Bargaining unit members working uniformed secondary employment.
    b. Bargaining unit members working non-uniform secondary employment, wearing the outer vest carrier predominately displaying the badge during the majority of the secondary employment hours.

    If the secondary employer does not consent to the use of the BWCS, the secondary employment may not be worked in uniform. (Private property only)

    Any bargaining unit member required directed by the employer County to undertake any task related to the BWCS use while off-duty will be compensated under Article 15 Section E of the collective bargaining unit.

Video recorded during secondary employment will not be included in the sampling in random review pursuant to Article 72 Section I.

* * *

Article 30 Uniforms and Equipment

* * *

Section B. 9mm Semi-Automatic Weapons.

* * *

4. Effective July 1, 2023, consistent with the July 29, 2014, recommendation of the Article 32 Joint Health and Safety Committee (JHSC) for handguns, the employer shall no longer require duty handguns, nor approved off-duty handguns, to have 8 pound triggers. The standard manufacture trigger, not less than 5 pounds, will be acceptable for all handguns agreed upon as authorized for off-duty or on duty use.

* * *

Section S. Polos Short Sleeves and Long Sleeve Uniform Shirts. The Employer will issue 2 (two) polo short sleeves and 2 (two) long sleeves uniform shirts (will be added to Appendix I) subject to the recommendation by the Joint Health and Safety Committee (JHSC). The JHSC will test, analyze, and select the manufacturer for supplying the duty polo shirt by August 1, 2023. Thereafter, the FOP JHSC chair will select 17 bargaining unit members to participate in a 60 day testing of various polo shirt manufacturers. At the conclusion of the testing period, the prevailing manufactured shirt selected by the testers will be the duty polo shirt.

The following adjustments will also be made to Appendix I:

~~1~~ 2 Black Sweaters

~~8~~ 6 Long sleeve black shirts

~~8~~ 6 Short sleeve black shirts

* * *

Section T. High-Visibility Jackets. All members assigned to the Traffic Operations Division (TOD) will be issued a high-visibility jacket with liner. These are the same jackets/liners that the Central Motors Unit and the Collision Reconstruction Unit/Decentralized CRU currently are issued.

All members of the bargaining unit will be issued a high-visibility Gore-Tex liner in lieu of the lightweight black duty jacket.

*   *   *

Article 31 Reopener

*   *   *

Section F. Reopener Matters.

Should the county council fail to enact any legislation agreed to in Article 57 of this agreement, the parties shall reopen on additional cash compensation and/or retirement within 30 days of the rejection of the legislation.

*   *   *

Article 35 Vehicles

*   *   *

Section B. Restrictions.

1. Vehicles assigned to unit members whose domicile is in Montgomery County shall be defined as PPVs and be full-use vehicles. All benefits, rules and regulations which apply to PPVs shall apply to these vehicles within [five (5)] ten (10) miles of the County's borders. All benefits, rules, and regulations which apply to PPV's shall apply to these vehicles. Unit members whose domicile is within [five (5)] ten (10) of the County's border shall have "to and from" use of their assigned vehicle to their domicile. An officer whose domicile is outside, but near, the fifteen-mile limit from the County's borders may be granted permission, at the sole discretion of the chief administrative officer, or designee, to drive his/her assigned vehicle to and from his/her domicile. Use of vehicles outside of Montgomery County will be restricted to the Maryland borders except for the use determined by Article 15, Section H. (The fifteen (15) miles will be pursuant to the 1997 map, agreed to by the parties,) [The parties agree to a six (6) month trial period, to begin July 1, 2020 and conclude Dec. 31, 2020. The parties will work together to determine the structure of the trial period. The trial period may be extended by the parties if additional analysis is determined to be needed. Upon completion of the trial period, the amended Article 35 Section B.1 will be fully implemented or be subject to a reopener pursuant to Article 31, Section A., should the program create an undue burden on the Employer.

   The parties agree, Article 35, Section B.1., shall be amended upon full implementation.]

2. Vehicles assigned to unit members who do not reside in Montgomery County may be used in the same manner as unit members who reside in Montgomery County, so long as such use (except as otherwise provided in this Agreement) is confined within the borders of Montgomery County. Vehicles assigned to unit members who do not

reside in Montgomery County will be parked in Montgomery County at the location of the officer's duty assignment, a district station or 24-hour police facility, a 24-hour fire station **[**(except Hyattstown)**]**, a secure federal facility if allowed by the facility, or other secure facility mutually agreed upon by the parties.

*   *   *

Section O. Replacement of Vehicles.

1. Except as provided in paragraph 2 of this section, when an officer becomes eligible for the PPV/SOFV program, the officer's initially issued PPV/SOFV may be a used vehicle. There is no requirement that an initial issue PPV/SOFV be a new vehicle. However, the more senior officer (Article 12) has choice of available vehicles. [Previous side letter dated March 15, 1996 merged into agreement]
2. When an officer who has a PPV/SOFV is assigned to one of the below listed units, the officer will turn in his/her PPV/SOFV to the Department's Fleet Manager and use one of the assigned unit vehicles as their PPV/SOFV.

   a. SID
   b. SWAT
   c. SAT
   d. Forensic Services
   e. School Safety
   f. Personnel-Recruiters
   g. Canine
   h. PCAT unmarked vehicles
   i. **[**Other units where the car is uniquely equipped for use in that assignment**]** <u>Sex Offender Registry Unit (SVID)</u>
   j. <u>Central Traffic (slick top marked cruisers)</u>
   k. <u>Alcohol Initiatives Unit</u>
   l. <u>Collision Reconstruction Unit</u>
   m. <u>Emergency Services Unit (ESU)</u>
   n. <u>Managed Search Operations (MSOT)</u>
   o. <u>District DCAT Sergeants</u>
   p. <u>Commercial Vehicle Unit (CVU)</u>
   q. <u>Other units where the car is uniquely equipped for use in that assignment</u>

*   *   *

Article 36 Wages

Section A. Wages

*   *   *

Effective the first full pay period after July 1, 2023, each unit member shall receive a general wage adjustment of four percent (4%). Effective the first full pay period after January 1, 2024, each unit
member shall receive a general wage adjustment of three percent (3%).

Effective the first full pay period following January 1, 2024, each unit member shall receive a $1,500 lump sum payment. This payment will be made in one lump sum, by separate check. The lump sum payment is considered regular earnings for income, withholding, and employment tax purposes. The payment will not be added to the employees' base salary. These payments are not considered "regular earnings" for retirement/life insurance purposes and employees will not receive any retirement/life insurance benefits based on this payment. Members will not be required
to contribute toward their retirement for this payment.

Year 2. Effective the first full pay period after July 1, 2024, each unit member shall receive a general wage adjustment of three and one-half percent (3.5%).

* * *

Section D. Salary of Police Officer Candidates. Effective the first full pay period following July 1, 2001, the pay rate of POC will be 5% less than that of POI. However, at its discretion, management may increase POC pay to the PO I level.

1. Hiring Bonus for Police Officer Candidates. Effective July 1, 2023 until June 30, 2025, POC's will be eligible for a hiring bonus in an amount up to $20,000. The parties will evaluate the effectiveness of the bonus program every 6 (six) months. The hiring bonus will be rewarded after successful completion of the following milestones:
    a. 10%- First day of county employment
    b. 30%- Completion of Field Training Program
    c. 30%- Completion of probationary period
    d. 30%- 3 years from date of hire

* * *

Section F. Lateral Entry.

* * *

2. *Hiring Bonus.* Effective July 1, 2023 until June 30, 2025, lateral and comparative compliance candidates will be eligible for a hiring bonus in an amount up to $20,000. The parties will evaluate the effectiveness of the bonus program every 6 (six) months. The hiring bonus will be rewarded after successful completion of the following milestones:
    a. 10%- First day of county employment
    b. 30%- Completion of Field Training Program
    c. 30%- Completion of probationary period
    d. 30%- 3 years from date of hire

[2] 3. *Compensation for Current Bargaining Unit Members***.** The formula for providing the special within-grade advancement for eligible bargaining unit members will be based on one additional 3.5 percent step for each year of qualifying experience, up to a maximum of 5 years of qualifying experience (5 steps).

The calculation for the special within grade salary advancement for a current eligible bargaining unit member will be based on the employee's length of eligible prior police/law enforcement experience, his/her actual employment date with the Montgomery County Department of Police, and the effective date of this agreement.

Computations for the special salary adjustment for current bargaining unit employees will include the period of April 11, 1994 through April 11, 1999, with April 11, 1999 being the designated effective date of this agreement.

Increment steps to recognize prior qualifying experience will only be awarded in 3.5 percent increments. Partial years of qualifying service will be rounded up or down for purposes of compensation (service) credit.

The number of annual increment step adjustments received since April 11, 1994 by an eligible bargaining unit employee, will be deducted from the total number of special step adjustments the employee would have received had this program been in effect at the time of his/her appointment.

All salary adjustments are effective April 11, 1999. There will be no retroactive pay or benefit for any period of time or experience prior to the designated program effective date.

This program does not provide for the lateral transfer of rank, rights, or seniority.

[3] 4. *Responsibility for program administration***.** The Police Personnel Division will be responsible for the administration of the lateral entry program.

The Police Personnel Division will identify all current bargaining unit members that have been employed since April 11, 1994, in order to determine eligibility for a special salary adjustment based on qualifying prior police/law enforcement experience.

The Police Personnel Division will be responsible for computing and submitting all required documentation for the initiation of the special salary adjustment for all eligible bargaining unit members.

The Police Personnel Division will provide the FOP and all current eligible bargaining unit members with a copy of the compensation tracking form (Form 85A- See Attached) utilized for the compensation calculation.

[4] 5. *Effective Date.* Notwithstanding the provisions of Section F, for employees hired during Fiscal Year 2011, the County at its option may suspend in Fiscal Year 2011 only, the requirement that within-grade advancement will be based on one additional 3.5 percent step for each year of qualifying experience.

* * *

Article 41 Shift Differential

Section A. Amount. Effective the first full pay period following July 1, **[**2013**]** 2023, officers shall receive **[**one dollar and forty-two cents ($1.42)**]** two dollars ($2.00) for each hour worked on a work shift that begins on or after 12:00 noon and prior to 7:59 p.m., and **[**one dollar and eighty-seven cents ($1.87)**]** four dollars and twenty-five cents ($4.25) for each hour worked on a shift that begins on or after 8:00 p.m. and before 5:59 a.m.

* * *

Article 43 Discipline

(NOTE: This Article is currently suspended for police officers due to the provisions of the Maryland Police Accountability Act, Public Safety, Md. Code Ann.§§ 3-101-114, et seq.)

* * *

Article 44 Promotions

* * *

Section C. Temporary Promotion/Assignment to Higher Classified Job. Unit members who are temporarily assigned or promoted to a higher classified job for a period of more than **[**two**]** one (1) **[**consecutive**]** work weeks (**[**i.e. 8, 9, and 10**]** four (4) or five (5) consecutive work days depending upon schedule) shall receive the rate of pay of the higher classified job retroactive to the first day the unit member assumed the higher position. A memo of temporary promotion at the higher classified job will be transmitted to the Police Personnel Division and the FOP within two (2) business days once the department knows the unit member will be acting in the higher classified job. **[**See MOA: April 2005 Reference Temporary Promotions**]**

* * *

Article 47 Duration of Contract

The duration of this agreement shall be **[**three**]** two years, become effective July 1, **[**2020**]** 2023, and terminate on June 30, **[**2023**]** 2025.

* * *

Article 57 Retirement

* * *

Section Y. The Employer shall submit legislation to the County Council on or before September 1, 2023 to amend Montgomery County Code, Chapter 33, Article II to provide for the revisions infra.

Amend section 33-38A to read as follows:

(I) Eligibility. A Group F member who has reached their normal retirement date may participate in the DRSP/DROP.

Amend section 33-42 (b)(2)(D) to read as follows:

(i) From date of retirement to the month of attainment of the highest Social Security retirement benefit age (Currently age 70): 2.4 of average final earnings multiplied by years of credited service
up to a maximum of 36 years, including sick leave credits. Credited service of less than one full year must be prorated. The maximum benefit with the application of sick leave credits must not exceed 86.4% of average final earnings. Effective January 1, 2025, the multiplier will increase to 2.6 of average final earnings multiplied by years of credited service up to 25 years, and 2.4 Of average final earnings multiplied by years of credited service from 25 years to a maximum of 34
years, including sick leave credits.

(ii) From the month the member reaches the highest Social Security benefit age (Currently age 70): 1.65% of average final earnings up to the maximum of 36 years, including sick leave credits, up to the Social Security maximum covered compensation in effect on the date of retirement, plus 2.4% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement, multiplied by years of credited service up to a maximum of 36 years, including sick leave credits. Years of credited service of less than one full year must be prorated. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches the highest Social Security retirement benefit age (Currently age 70). Effective January 1, 2025, the multiplier will increase to 1.8% of average final earnings up to a maximum of 25 years, and 1.65% of average final earnings for more than 25 years to a maximum of 34 years, including sick leave credit, up to the Social Security maximum covered compensation in effect on the date of retirement, plus 2.6% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement multiplied by years of credited service up to 25 years, and 2.4 of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement multiplied by years of credited service from 25
years to a maximum of 34 years, including sick leave credits.

The parties will amend (ii) above to include the appropriate formula adjustment for the multiplier to be included in the legislation submitted to Council.

*　　*　　*

Article 72 Body Worn Camera System

Section A. A Body-worn Camera means a device worn on the person of a law enforcement officer that is capable of recording video and intercepting oral communications. This article applies to any Body Worn Camera System (BWCS). All recordings and recording devices will be used for official business [only] <u>and/or during secondary employment (while in uniform) in accordance with Article 27 of this agreement</u>. Use of the BWCS will comply with all applicable laws and this agreement. Neither this agreement nor any use of BWCS shall be construed as a waiver of any constitutional, statutory, civil, or other legal right by any unit member.

* * *

<u>*Section I. Mandatory Random Review (Montgomery County Code Sec. 35-9(c))*</u>

1. <u>Mandatory random review means a periodic reviewing of videos, at regular intervals, statistically valid samples of videos, in which each video has an equal opportunity of being chosen for review.</u>
2. <u>On a monthly basis, the referenced sampling will consist of videos within 60-days prior to the month of review.</u>
3. <u>A recording made by a bargaining unit member may be randomly reviewed for:</u>
   a. <u>Employee compliance with legal requirements and Department policy;</u>
   b. <u>Employee performance; and</u>
   c. <u>Consistency between employees' written reports and recordings.</u>
4. <u>Any use of randomly reviewed video by the employer regarding employee performance shall comply with Section D of this Article</u>
5. <u>The employer will provide the FOP on a monthly basis, a detailed report of all videos randomly reviewed, to include, the date, time, bargaining unit members name whose video was reviewed and the person who conducted the random review.</u>

<u>Randomizer computer software will be utilized to select body worn camera videos for sampling with a 95% confidence level of data and a 5-point margin of error.</u>

* * *

APPENDIX A Prevention of Substance Abuse/Employee Rehabilitation Procedure, Amended

* * *

Policy

* * *

3.1 Employees must not consume alcohol while at work or on duty. Employees must not be impaired by, or under the influence of, alcohol while at work, on County property, or on duty. For the purpose of this procedure, impairment shall be indicated by a blood alcohol concentration of .05%, and under the influence shall be indicated by a blood alcohol concentration of **[**.10%**]** .08%. Employees who are required to maintain a commercial driver's license as a condition of employment must meet the standards for alcohol stated in § 3.2

* * *

APPENDIX G MEDICAL EXAMINATION

* * *

IX. Physical Agility Assessment

(A) Bargaining unit members will participate in an annual physical agility assessment as it relates to certification as a police officer in the state of Maryland pursuant to state law. The employer will notify and schedule employees for the physical agility assessment.

(B) The physical agility assessment will consist of the following:

1) Climb over floor mats stacked approximately but no higher than 4 feet high, to demonstrate the ability to climb over a barrier.
2) Pull/drag a dummy weighing 150lbs for 15 feet.
3) Run 300 feet on a flat surface
4) Traverse up and down two flights of stairs (approximately 26 steps up and 26 steps down totaling approximately 52 steps)

(C) Bargaining unit members on a light, limited, or chronic duty status, within their limitations as defined by their medical restrictions, will attempt the physical agility assessment.

(D) Upon completion, the department head (or designee) must attest in writing that each officer has the physical ability to carry out the officer's assigned duties.

(E) Clothing worn during the physical agility assessment shall be at the option of the Bargaining Unit Member.

(F) Regarding bargaining unit members assigned to the centralized and de-centralized Tactical Team, the parties agree to seek approval of their current physical fitness test in lieu of the physical agility assignment outlined above.

(G) Bargaining unit members who fail to submit to the physical agility assessment by June 30th of each calendar year will be ineligible for initial certification and for re-certification.

(H) All documentation pertaining to the physical agility assessment shall be kept in the bargaining unit members medical file pursuant to Article 51 section B.2.

*   *   *

APPENDIX I Issued Clothing and Equipment

*   *   *

CATEGORY: All Sworn

*   *   *

[1**]** 2   Black Sweaters

*   *   *

[8**]** 6   Long sleeve black shirts

[8**]** 6   Short sleeve black shirts

*   *   *

1   High Visibility Gore-Tex liner (The high visibility Gore-Tex liner will replace the lightweight black duty jacket)

*   *   *

CATEGORY: Traffic Operations Division

1   High Visibility Blauer reflective rain jacket with liner

*   *   *

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

Fraternal Order of Police Montgomery County Lodge 35	Montgomery County Government Montgomery County, Maryland

______________________	___________	______________________	___________
Torrie Cooke Chief Negotiator	Date	Marc Elrich County Executive	Date

Lee Holland President	Date	Jennifer Harling, Esq. Chief Labor Relations Officer	Date
		Marcus G. Jones Chief of Police	Date

Approved for form and legality by:

Edward E. Haenftling, Jr. — Date
Associate County Attorney

Tentative Agreement

November 6, 2022

Entrance Level Training Rules and Regulations

* * *

Appendix C

CRITICAL AREAS

1. **Collision Investigation**
2. **Criminal Investigation**
3. **Conflict Management**
4. **Defensive Tactics**
5. **Driver's Training** -1.) Cone Course, 2.) High Speed Driving, and 3.) Skin Pan
   Note: You must score a *minimum of 70% in each of the three driving skills in order to pass Driver's Training)*
6. **DWI/AES**
7. **Firearms Training:**
   Note: You must pass each of the three listed skills in order to pass Firearms Training)
   1. Low-Light Course - *You must score* a *minimum of seventy five percent (75%)*
   2. Three (3) consecutive targets in a series of six 6 targets – *You must score seventy five percent (75%) on each of the three.*
   3. The average of all six (6) targets - *You must score a minimum average of seventy (70%).*
8. **First Aid –** The First Responder grade will be counted as a critical area test score, however, if a recruit does not attain a minimum score of seventy percent (70%), Remedial Training will be provided and the recruit must pass the retest in order to graduate. A failure to pass the First Aid test will <u>not</u> result in Academic Probation.
9. **Constitutional Law I**
10. **Constitutional Law II**
11. **Criminal Law**
12. **Patrol Procedures**
13. **Physical Training**
14. **Report Writing I**
15. **Report Writing II**
16. **Traffic Law**
17. **Use of Force**
18. **Crime Scene Investigations**

(Quiz Grade Average - will count the same as one critical test area.)

* * *

Fraternal Order of Police Montgomery County Lodge 35	Montgomery County Government Montgomery County, Maryland
____________________ __________ Torrie Cooke Date Chief Negotiator	____________________ __________ Jennifer Harling, Esq. Date Chief Labor Relations Officer
	Approved for form and legality by:
	____________________ __________ Edward E. Haenftling, Jr. Date Associate County Attorney

Side Letter – Article 43

January 27, 2023

As agreed to in the most recent contract negotiations, In the event that, during the term of this Agreement, the County issues a new directive or rule, or changes any policy, with regard to any provisions currently covered under Article 43, the FOP agrees in this limited instance to waive any claim that the action is barred by the second sentence in Article 61A. This limited waiver expressly does not prohibit the FOP from challenging the action under the remainder of Article 61, the Agreement or under law.

Fraternal Order of Police
Montgomery County Lodge 35

______________________ ___________
Lee Holland — Date
President

Montgomery County Government
Montgomery County, Maryland

______________________ ___________
Jennifer Harling, Esq. — Date
Chief Labor Relations Officer

Approved for form and legality by:

______________________ ___________
Edward E. Haenftling, Jr. — Date
Associate County Attorney

MEMORANDUM OF UNDERSTANDING
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND
FRATERNAL ORDER OF POLICE
MONTGOMERY COUNTY LODGE 35, INC.

Centralized Traffic Vehicles

The parties agree to the following regarding Centralized Traffic Unit Vehicles:

1. All vehicles will be marked and equipped with the agreed upon and approved interior patrol light package including an exterior spot light. (See JHSC memo)

2. Ten (10) vehicles will be stickered with the agreed upon and approved county police decals using "ghost graphics" including rear reflective sticker. and equipped with the agreed upon and approved interior patrol light package including an exterior spotlight. (See JHSC memo's)

3. These ten (10) "ghost graphic" vehicles shall be treated as unmarked vehicles per the collective bargaining agreement.

4. The employer will make every effort to issue unit vehicles by January 1, 2024.

5. Both unit sergeants shall be issued a "ghost graphic" vehicle. Four (4) ghost graphic vehicles will issued to daywork units. Four (4) ghost graphic vehicles will issued to evening units. Within the shifts, vehicles will be issued by unit seniority (continuous time in unit).

Fraternal Order of Police Montgomery County Lodge 35		Montgomery County Government Montgomery County, Maryland	
____________________ Torrie Cooke Chief Negotiator	__________ Date	____________________ Jennifer Harling, Esq. Chief Labor Relations Officer	__________ Date

Approved for form and legality by:

________________________ ____________
Edward E. Haenftling, Jr. Date
Associate County Attorney

MEMORANDUM OF UNDERSTANDING
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND
FRATERNAL ORDER OF POLICE
MONTGOMERY COUNTY LODGE 35, INC.

Multilingual Pay

The parties agree that the County is establishing department-wide standards to ensure for effective translations and interpretations provided by Certified Multilingual Employees. This process includes in-depth job studies in partnership with departments and the County's language certification vendor, which has never been performed, and a recertification process for all multilingual employees currently in the program.

The parties agree to meet no later than May 31, 2023, to collectively develop and implement multilingual standards for the recertification process in accordance with existing multilingual certification designations. The parties will work collectively to establish dates and times to complete the first recertification. The recertification will only take place once the parties agree to the standards for recertification. The first recertification will begin as soon as practicable but no more than 3 months after development of standards. Upon unit completion of the first recertification, multilingual pay will increase $1.00 per hour for each certification level. The recertification process will occur every five (5) years.

Fraternal Order of Police
Montgomery County Lodge 35

Montgomery County Government
Montgomery County, Maryland

____________________ __________
Torrie Cooke Date
Chief Negotiator

____________________ __________
Jennifer Harling, Esq. Date
Chief Labor Relations Officer

Approved for form and legality by:

____________________ __________
Edward E. Haenftling, Jr. Date
Associate County Attorney

MEMORANDUM OF UNDERSTANDING
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND
FRATERNAL ORDER OF POLICE
MONTGOMERY COUNTY LODGE 35, INC.

Vehicles

Fraternal Order of Police. Lodge35, Inc ("FOP"), and Montgomery County, Maryland ("Employer"), agree that the Collective Bargaining Agreement for the years June 30. 2020 through June 30, 2023 shall be amended to reflect a mutually agreed upon change to Article35, Section F Program Eligibility paragraph 4 by adding to the language letters O. District Traffic Complaint Officer (l per district), P. Crisis Response Support Section Officers (CIT). This agreement shall be appended to the current term agreement and shall take effect upon the date it is signed.

Article 35 Vehicles

*   *   *

Section F. Program Eligibility.

4. All officers will be assigned marked police vehicles with the below-listed exceptions. This list may be changed upon the mutual agreement of the department and the union.

    a. Investigative Services Bureau
    b. Management Services Bureau (except recruiters)
    c. Special Assignment Teams
    d. Tactical Section
    e. Internal Affairs Division
    f. Public Information Division
    g. District Court Liaison [See MOA: *March 26, 2008.*]
    h. Centralized PCAT-fifty (50) percent not to exceed eight (8) unmarked vehicles
    i. District DCAT Sergeants
    j. District Patrol Investigative Units (PIU)
    k. Managed Search Operations (MSOT)
    l. Emergency Services Unit (ESU)
    m. Alcohol Initiatives Unit (AIU)

n. Collison Reconstruction Unit (CRU)
o. District Traffic Complaint Officer (1 per district)
p. Crisis Response Support Section Officers (CIT)

* * *

Fraternal Order of Police Montgomery County Lodge 35	Montgomery County Government Montgomery County, Maryland
____________________ __________ Torrie Cooke Date Chief Negotiator	____________________ __________ Jennifer Harling, Esq. Date Chief Labor Relations Officer
	Approved for form and legality by:
	____________________ __________ Edward E. Haenftling, Jr. Date Associate County Attorney

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 3, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: Memorandum of Agreement between the County and FOP

I have attached for review the Memorandum of Agreement resulting from the recent negotiations between the Montgomery County Government and the Fraternal Order of Police, Montgomery County Lodge 35, Inc. The agreement is the product of a settlement reached during negotiations and reflects the changes to the existing Collective Bargaining Agreement effective July 1, 2023 through June 30, 2025.

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

ME:jh

Enclosure

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

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

Summary of Proposed Labor Agreement with FOP Effective FY24

No.	Article	Subject	Summary of Change	Requires Appropriation of funds	Present or Future Fiscal Impact	Requires Legislative Change	Requires Regulation Change	Notes
1	2 (I)	Bereavement Leave	Increase bereavement administrative leave to 40 consecutive hours	No	Yes			Indeterminate
2	2 (I)	Administrative Leave	Provides for admin leave upon relief of police powers	No	None	No	No	
3	3 (A)(D)(E)	Agency Shop and Dues Check-off	Janus compliance for Agency Shop and Dues Check-off	No	None	No	No	
4	7 (F)	Communications Facilities	Provides language codifying FOP contract interpretation authority	No	None	No	No	
5	15 (N)	PSB OT	Expands PSB OT to District Investigative Section	No	None	No	No	
6	24 (C)	Insurance Coverage and Premiums	Provides for only one standard Rx option. Eliminates high option Rx plan.	No	None	No	No	
7	27 (F), 72 (A)	Body Worn Cameras	Requires Body worn Cameras for Secondary Employment while uniformed	No	None	No	No	
8	30 (A)	Uniforms and Equipment	Provides for 2 polos and 2 shirts	Yes	Yes	No	No	See Fiscal Impact Statement
9	30 (A), Appx I	Uniforms and Equipment	Provides for a high visibility jacket with liner	Yes	Yes	No	No	See Fiscal Impact Statement
10	30 (B)	Equipment	Provides for 5 pound handgun triggers	No	None	No	No	
11	31	Reopener	Requires a contract reopener if the legislation agreed to in Article 57 is not enacted	No	None	No	No	
12	35 (O)	Replacement of Vehicles	Add units to the list of units with fleet vehicles.	No	None	No	No	
13	35 (B)	Use of County Vehicles outside County	Expands use of PPV vehicles to within 10 miles of County border	Yes	Yes	No	No	See Fiscal Impact Statement
14	36 (A)	Wages	Provides for a 4% wage increase in July 2023, a 3% increase in January 2024, a 3.5% increase in July 2024, a $1,500 lump sum payment, and hiring bonuses.	Yes	Yes	No	No	See Fiscal Impact Statement
15	41 (A)	Shift Differential	Increases evening differential to $2.00 and midnight to $4.25	Yes	Yes	No	No	See Fiscal Impact Statement
16	43	Discipline	Updates to be compliant with state and county law	No	None	No	No	
17	44 (C)	Acting Pay	Provides acting pay after one week, strikes two consecutive work week period qualification	No	Yes			Indeterminate
18	47	Duration	Sets forth 2 year contract	No	None	No	No	
19	57 (Y)	Retirement	Removes age qualification for DROP. Increases multiplier to 2.6 of average final earning up to 25 years and 2.4 from 25 years to 34 years.	Yes	Yes	Yes	No	See Fiscal Impact Statement
20	72	Random Review	Outlines body worn camera video random review sampling	No	None	No	No	
21	Appx A	Blood Alcohol	Updates blood/alcohol threshold from .10 to .08 to be compliant with state law	No	None	No	No	
22	Appx G (IX)	Physical Agility Assessment	Implements a physical agility assessment to comply with state law	No	None	No	No	
23	Academy Rules (VIII)	Testing Remediation	Allow for additional remediation opportunities	No	None	No	No	
24	MOA	Centralized Traffic Vehicles	Provides for slick tops and ghost graphics vehicles	Yes	Yes			See Fiscal Impact Statement
25	MOA	Multilingual	Outlines process to develop multilingual recertification standards. Increases multilingual pay by $1.00/hr after recertification is complete.	Yes	Yes	No	No	See Fiscal Impact Statement
26	MOA for 35 (F)	Unmarked Vehicles	Add Units to the list for unmarked vehicle assignments	No	None	No	No	

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

Article	Item	Description	FY24	Annual Cost Beyond FY24	Estimated # affected***
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
		Total	**$14,042,094**	**$13,947,167**	**1,092**

Police Uniformed Management Pass-Through Estimates**

Item	Description	FY24	Annual Cost Beyond FY24	Estimated # affected***
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
	Total	**$469,713**	**$626,405**	**50**

* 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 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
15 YEAR LONGEVITY (3.5%)	16+	$101,467	$106,539	$111,867	$117,461	$129,202
17 YEAR LONGEVITY (3.5%)	18+	$105,018	$110,267	$115,782	$121,572	$133,724
20 YEAR LONGEVITY (3.5%)	21+	$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
15 YEAR LONGEVITY (3.5%)	16+	$104,511	$109,735	$115,223	$120,985	$133,078
17 YEAR LONGEVITY (3.5%)	18+	$108,169	$113,575	$119,255	$125,219	$137,736
20 YEAR LONGEVITY (3.5%)	21+	$111,955	$117,550	$123,430	$129,601	$142,557

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 3, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Marc Elrich, County Executive

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

I have attached for the Council's review proposed legislation necessary to implement Pension and DRSP adjustments for Group F Members resulting from the recent negotiations between the Montgomery County Government and the and the Fraternal Order of Police, Montgomery County Lodge 35, Inc. The proposed legislation would amend the County Code to replace the age and length of service eligibility requirements of the Discontinued Retirement Service Plan with eligibility based upon the employee's normal retirement date; and adjust Group F pension multipliers for the Integrated Retirement Plan.

ME: jh

Enclosure

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

Expedited Bill No. [Click - type number]
Concerning: Department of Police – Pension and DSRP adjustments
Revised: [date] Draft No. [#]
Introduced: [date]
Expires: [18 mos. after intro]
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

(1) amend the Discontinued Retirement Service Plan to replace the age and length of service eligibility requirements with eligibility based upon the employee's normal retirement date; and

(2) amend Group F pension multipliers for the Integrated Retirement Plan.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-38A and 33-42

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

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

Sec. 1. Sections 33-38A and 33-42 are amended as follows:

33-38A. Deferred Retirement Option Plans

* * *

(a) *DROP Plan for Group F members.* "Discontinued Retirement Service Program" or "DRSP" means the DROP program for Group F members.

(1) *Eligibility*. A Group F member who **[**is at least 46 years old and has at least 25 years of credited service**]** has reached their normal retirement date may participate in the DRSP.

* * *

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

* * *

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

* * *

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

* * *

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

(i) From date of retirement to the month of attainment of the maximum Social Security retirement benefit age: 2.4[%] percent of average final earnings multiplied by years of credited service up to a maximum of 36 years, including sick leave credits. Credited service of less than one full year must be prorated. The maximum benefit with the application of sick leave credits must not exceed 86.4[%] percent of average final earnings. Effective January 1, 2025, the multiplier will increase to 2.6 percent of average final earnings multiplied by years of credited service up to 25 years, and 2.4 percent of average final earnings multiplied by years of credited service from 25 years to a maximum of 34 years, including sick leave credits.

(ii) From the month the member reaches the maximum Social Security [normal] retirement benefit age: 1.65[%] percent of average final earnings up to the maximum of 36 years, including sick leave credits, up to the Social Security maximum covered compensation in effect on the date of retirement, plus 2.4[%] percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement, multiplied by years of credited service up to a maximum of 36 years, including sick leave credits. Years of credited service of less than one full year must be prorated. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches the maximum Social Security retirement benefit age. Effective January 1, 2025, the multiplier will increase to 1.8 percent of average final earnings up to a maximum of 25 years, and 1.65 percent of average final earnings for more than 25 years to a maximum of 34 years, including sick leave credit, up to the Social Security maximum covered compensation in effect on the date of retirement, plus 2.6 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement multiplied by years of credited service from 25 years, and 2.4 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement multiplied by years of credited service from 25 years to a maximum 34 years, including sick leave credits.

* * *

Sec. 2. Effective date.

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

Approved:

Evan Glass, President, County Council | Date

Approved:

Marc Elrich, County Executive | Date

This is a correct copy of Council action.

Judy Rupp, Clerk of the Council | Date

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: ______________________________
Edward E. Haenftling, Jr.

Date: March 31, 2023

P: 312.456.9800 | www.grsconsulting.com

March 29, 2023

CONFIDENTIAL

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

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

Dear Ms. Harling:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Summary of Results</u>

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						
	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
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
	Change						
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					
	Baseline	Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Scenario 3 - Age 70 Reduction with Modified Retirement Rates	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
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
	Change					
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).

	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	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
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
	Change						
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

	Group G				
	Baseline	Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
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
	Change				
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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Data Summary
Actuarial Valuation as of July 1, 2022

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

Group E Proposed Changes

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

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

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

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

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

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

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

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

Group E Proposed Changes (Continued)

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

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

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

Group J Proposed Changes

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

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

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

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

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

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

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

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

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

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

Group J Proposed Changes (Continued)

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

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

Group F Proposed Changes

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

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

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

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

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

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

Group F Proposed Changes (Continued)

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

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

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

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

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

Percentage of Average Final Earnings Based on Years of Service

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

Group G Proposed Changes

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

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

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

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

Group G Proposed Changes (Continued)

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

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

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

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

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

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

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

Retirement Rates

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

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

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

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

Benefit Provisions as of July 1, 2022

1. Social Security Wage Base

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

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

2. Social Security Maximum Compensation Level

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

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

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

3. Social Security Retirement Age

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

4. Regular Earnings

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

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

5. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

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

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

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

B. Benefit Amount:

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

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

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

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

2. Integrated plans:

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

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

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

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

   b. From attainment of Social Security Retirement Age:

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

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

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

6. Post-Retirement Increases

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

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

Mandatory integrated plan:

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

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

Following are the recent COLA increases granted July 1.

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

Disability Benefits:

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

Sick Leave:

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

DRSP Participants:

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

DROP Participants:

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

Transferred Service:

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

Purchased Service:

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

7. <u>Deferred Retirement Option Plan (DROP) for Group E</u> *(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. <u>Discontinued Retirement Service Program (DRSP) for Group F</u> *(effective 7/1/2008)*

A. Eligibility for DRSP entry:

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

B. Exit from DRSP:

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

C. The DRSP account is:

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

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

D. Post-DRSP monthly benefit:

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

E. Disability while in DRSP:

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

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

F. Death while in DRSP:

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

G. Member Contributions:

Members do not contribute while in DRSP.

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

A. Eligibility for DROP entry:

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

B. Exit from DROP:

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

C. The DROP account collects:

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

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

D. Post-DROP monthly benefit:

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

E. Disability while in DROP:

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

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

F. Death while in DROP:

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

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

Expedited Bill 19-23: Department of Police – Pension and DRSP Adjustments

Summary

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 19-23 will have a minimal to small, negative impact on racial equity and social justice (RESJ) in the County, as it would potentially reallocate $1.3 to $4.8 million annually in funding for programs benefitting all residents to Montgomery County Police Department (MCPD) employees who are disproportionately White. To improve the RESJ impact of this Bill, the Council can consider adopting policy options for enhancing the racial and ethnic diversity of MCPD personnel that reflect Department of Justice recognized best practices.

Purpose of RESJ Impact Statements

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.[1] Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.[2]

Purpose of Expedited Bill 19-23

The Employees' Retirement System (ERS) is one of five retirement plans offered to County employees.[3] The ERS is a defined benefit plan, which provides a fixed, pre-established benefit for employees at retirement.[4] Within the County ERS, Group F employees include sworn police officers.[5]

The goal of Bill 19-23 is to implement provisions in the Memorandum of Agreement negotiated between the County Executive and the Fraternal Order of Police (FOP), Montgomery County Lodge 35, Inc. Bill 19-23 proposes the following changes to retirement plans for sworn police personnel in Group F:[6]

- Amend the Discontinued Retirement Service Plan (DRSP) to replace the age and length of service eligibility requirements with eligibility based upon the employee's normal retirement date. The DRSP is a voluntary program that allows an employee to collect monthly retirement pension payments in an investment account while actively employed for up to three years.[7] Currently, sworn police personnel in Group F who are at least 46 years old and have at least 25 years of credited service are eligible to participate in the DRSP.
- Increase pension multipliers for Group F members in the Integrated Retirement Plan. Pension multipliers, which are set by law at a fixed percentage, are one of several factors used in determining an employee's pension.

The proposed changes would increase County expenditures by approximately $1.3 million in FY24, increasing annually to $4.8 million by FY29. County revenues would not be impacted.[8]

Expedited Bill 19-23, Department of Police – Pension and DRSP Adjustments, was introduced by the Council President on behalf of the County Executive on April 11, 2023.

POLICE OFFICERS AND RACIAL EQUITY

Modern policing in the U.S. emerges from a legacy of racial inequity. The earliest policing efforts, slave patrols, charged White men with policing free and enslaved Black people to instill fear and deter slave revolts, ultimately for protecting the financial interests of White plantation owners.[9,10] Post-Civil War, slave patrols evolved into southern police departments, monitoring the behavior of Black people and enforcing segregation through the Black Codes and Jim Crow laws.[11] The criminalization of inconsequential activities such as vagrancy worked to further control Black people through convict leasing and chain gangs.[12]

The first municipal police forces, largely originating in northern cities in the 19th century, were principally focused on using brute force and brutality to control immigrants.[13] In the 20th century, as the Great Migration saw millions of Black migrants fleeing violence and oppression in the South, northern police forces tolerated and actively engaged in White hostility and violence against Black people.[14] Today, the legacy of inequitable policing is reflected in persistent racial disparities in police interactions. For instance, while Black constituents account for 18 percent of the County's population, they account for 30 percent of MCPD traffic stops, 44 percent of MCPD arrests, and 55 percent of MCPD use of force incidents.[15,16,17]

For much of history, police departments were largely dominated by White men.[18] However, the state of racial diversity in police departments today is more nuanced. Nationally, among employed people 16 years of age and older: [19]

- 6.7 percent were Asian compared to 2.5 percent of police officers.
- 12.6 percent were Black compared to 16.7 percent of police officers.
- 77.0 percent were White compared to 78.3 percent of police officers.
- 18.5 percent were Latinx compared to 13.1 percent of police officers.

While Black people are overrepresented nationally among police officers, inequitable policies and practices continue to lock them out of positions in police leadership.[20] Nationally, among employed people 16 years of age and older: [21]

- 6.7 percent were Asian compared to 0.4 percent of first-line supervisors of police and detectives.
- 12.6 percent were Black compared to 4.9 percent of first-line supervisors of police and detectives.
- 77.0 percent were White compared to 88.0 percent of first-line supervisors of police and detectives.
- 18.5 percent were Latinx compared to 18.6 percent of first-line supervisors of police and detectives.

Further, national data does not fully capture the reality of police departments at the local level. A 2020 article from the New York Times profiled how hundreds of police departments continue to be White dominated in contrast to the demographics of the communities they serve.[22] Montgomery County is one such community where White people are overrepresented in the police force. Locally, among constituents 18 years or older: [23,24]

- 15.9 percent were Asian compared to 4.0 percent of sworn MCPD personnel.
- 17.7 percent were Black compared to 12.0 percent of sworn MCPD personnel.
- 43.4 percent were White compared to 75.0 percent of sworn MCPD personnel.
- 18.6 percent were Latinx compared to 9.0 percent of sworn MCPD personnel.

ANTICIPATED RESJ IMPACTS

Expedited Bill 19-23 would effectively increase pension benefits for certain Group F members in the County ERS. To consider the anticipated impact of Bill 19-23 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

For the first question, OLO considered the demographics of sworn MCPD personnel in the County, as they would benefit from the increased pension proposed in this Bill. As previously described, local data suggests White people are overrepresented among sworn MCPD personnel, while Black, Indigenous, and Other People of Color (BIPOC) are underrepresented.

For the second question, OLO considered how the Bill could affect representation in MCPD, given the underrepresentation of BIPOC in the department. While improving diversity within police departments by itself will not address racial inequities in policing, it can be an important step for building trust with BIPOC communities, making departments more open to cultural and systemic changes, helping BIPOC community members access stable economic opportunities in public safety, and improving policing practices and services.[25]

The increased pension could generally attract more people to sworn police officer roles in the County. However, absent changes to recruitment strategies, hiring and promotion practices, and organizational culture, it is unlikely this incentive alone would attract/retain sufficient BIPOC to reduce existing disparities.

Taken together, OLO anticipates Bill 19-23 will have a negative impact on RESJ in the County, since it would disproportionately benefit White MCPD employees and likely not address existing racial disparities among MCPD personnel. Given the estimated cost of the Bill, OLO anticipates the negative RESJ impact will be minimal to small.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.[26] OLO anticipates Expedited Bill 19-23 will have a negative impact on RESJ in the County.

In 2016, the U.S. Department of Justice Equal Employment Opportunity Commission published "Advancing Diversity in Law Enforcement," which outlines strategies for improving diversity in law enforcement agencies based on extensive outreach with law enforcement stakeholders, national policing organizations, and community stakeholders. To improve the RESJ impact of this Bill, the Council can consider adopting policy options that reflect best practices for recruitment, hiring, and retention offered within this report (summary included in Appendix). The report notes three common themes among successful practices:[27]

- Ensuring the agency's organizational culture is guided by community policing (a strategy of policing that focuses on police building ties and working closely with community members); procedural justice (the idea of fairness in the processes that resolve disputes) and cultural inclusivity (welcoming and including all people).
- Engaging stakeholders - both from within and outside the law enforcement agency - to play a role in creating a workforce that reflects the diversity of the community.
- Being willing to re-evaluate employment criteria, standards, and benchmarks to ensure that they are tailored to the skills needed to perform job functions, and consequently attract, select, and retain the most qualified and desirable sworn officers.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

APPENDIX

Below is a summary of promising practices for increasing diversity in law enforcement agencies from the U.S. Department of Justice Equal Employment Opportunity Commission report, "Advancing Diversity in Law Enforcement." A detailed description of each practice can be found on this page.

Recruitment:

- Proactive and targeted community outreach efforts can help encourage people from diverse populations and walks of life to consider careers in law enforcement.
- Building partnerships with educational institutions and providing young people with internship programs creates a robust pipeline of potential applicants while also helping to address historically negative perceptions or experiences diverse communities have had with law enforcement.

- The effective, innovative use of technology and social media is critical to communicate and connect with all members of the community.

Hiring:
- Agencies are increasingly adopting a holistic view of what skills and strengths an applicant brings to a law enforcement agency, in part by willing to reevaluate information revealed during background checks, including previous drug use.
- Law enforcement agencies have expressed a willingness to reconsider selection criteria and written or physical examinations that do not correspond to job-related duties, and that disproportionately screen out individuals from underrepresented populations.
- In their efforts to diversify their workforces, law enforcement agencies have streamlined and made more transparent their hiring and selection procedures. Some agencies have offered assistance and preparation materials to help applicants prepare for examinations.
- Law enforcement agencies have involved community members in the hiring process as a way to develop workforces that reflects the diversity of their communities.

Retention:
- Mentorship programs and leadership training are critical to providing new officers - particularly those from underrepresented populations - with the support, guidance, and resources they need to succeed on the job, enjoy their careers, and earn promotions.
- Community partnerships and stakeholder engagement can help retain officers of color and women by better understanding the unique challenges they face in the profession.
- Incentives - providing temporary housing, allowing officers to work towards college credit while on the job, and providing financial bonuses for language skills - can help retain officers with diverse experiences and backgrounds.

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[1] Definition of racial equity and social justice adopted from "Applying a Racial Equity Lens into Federal Nutrition Programs" by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. https://www.racialequitytools.org/glossary
[2] Ibid
[3] About Montgomery County Employee Retirement Plans, Montgomery County Employee Retirement Plans. https://www.montgomerycountymd.gov/mcerp/about.html
[4] Defined Benefit Plan, Internal Revenue Service, Updated June 15, 2022. https://www.irs.gov/retirement-plans/defined-benefit-plan
[5] Summary Description for Sworn Police Personnel in Retirement Group F, Montgomery County Employee Retirement Plans, August 2021. https://www.montgomerycountymd.gov/mcerp/Resources/Files/GroupF%20Sworn%20Police-8_2021.pdf
[6] Introduction Staff Report for Expedited Bill 19-23, Montgomery County Council, Introduced April 11, 2023. https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2023/20230411/20230411_8A.pdf
[7] Employees' Retirement Plan – Group F (Police), Montgomery County Employee Retirement Plans. https://www.montgomerycountymd.gov/mcerp/Resources/Files/Police%20DRSP_2022.pdf
[8] Introduction Staff Report for Expedited Bill 19-23
[9] Michael A. Robinson, "Black Bodies on the Ground: Policing Disparities in the African American Community—An Analysis of Newsprint From January 1, 2015, Through December 31, 2015," Journal of Black Studies, April 7, 2017. https://journals.sagepub.com/doi/10.1177/0021934717702134

[10] Rund Abdelfatah, et. al., “VIDEO: History Of Policing: How Did We Get Here?,” NPR, July 8, 2020. https://www.npr.org/2020/07/08/888174033/video-history-of-policing-how-did-we-get-here

[11] Connie Hassett-Walker, “How You Start is How You Finish? The Slave Patrol and Jim Crow Origins of Policing,” Human Rights Magazine, American Bar Association, January 11, 2021. https://www.americanbar.org/groups/crsj/publications/human_rights_magazine_home/civil-rights-reimagining-policing/how-you-start-is-how-you-finish/

[12] Andrea Flynn, Susan Holmberg, Dorian Warren and Felicia Wong, The Hidden Rules of Race: Barriers to An Inclusive Economy, 2017

[13] Robinson

[14] Abdelfatah, et. al.

[15] Natalia Carrizosa, OLO Memorandum Report 2022-12, Analysis of dataMontgomery Traffic Violations Dataset, Office of Legislative Oversight, October 25, 2022. https://www.montgomerycountymd.gov/OLO/Resources/Files/2022_reports/OLOReport2022-12.pdf

[16] Elaine Bonner-Tompkins and Natalia Carrizosa, OLO Report 2020-9, Local Policing Data and Best Practices, Office of Legislative Oversight, July 12, 2020. https://www.montgomerycountymd.gov/OLO/Resources/Files/2020%20Reports/OLOReport2020-9.pdf

[17] MCPD 2021 Annual Use of Force Report, Montgomery County Police Department. https://www.montgomerycountymd.gov/pol/Resources/Files/Annual-Reports/UseOfForce/2021%20MCPD%20Use%20of%20Force%20Report.pdf

[18] Advancing Diversity in Law Enforcement, U.S. Department of Justice Equal Employment Opportunity Commission, October 2016. https://www.eeoc.gov/advancing-diversity-law-enforcement

[19] Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity, Bureau of Labor Statistics, U.S. Department of Labor, 2022. Note: Latinx people are included in multiple racial groups for this data point. https://www.bls.gov/cps/cpsaat11.htm

[20] Advancing Diversity in Law Enforcement

[21] Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity

[22] Lauren Leatherby and Richard A. Oppel Jr., “Which Police Departments Are as Diverse as Their Communities?,” The New York Times, September 23, 2020. https://www.nytimes.com/interactive/2020/09/23/us/bureau-justice-statistics-race.html

[23] Table P4: Hispanic or Latino, and Not Hispanic or Latino by Race for the Population 18 Years and Over, 2020 Decennial Census, Census Bureau. Note: for comparison, Latinx people are not included in other racial groups for this data point.

[24] 2021 Annual Report on Crime and Safety, Montgomery County Police Department. Note: OHR tracks Latinx as a distinct racial category, thus Latinx people are not included in other racial groups for this data point. https://www.montgomerycountymd.gov/pol/Resources/Files/Annual-Reports/CrimeandSafety/2021%20MCPD%20Annual%20Report%20on%20Crime%20and%20Safety.pdf

[25] Advancing Diversity in Law Enforcement

[26] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

[27] Advancing Diversity in Law Enforcement

Expedited Bill 19-23 Department of Police – Pension and DRSP Adjustments

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 19-23 would have a moderate negative impact on economic conditions in the County in terms of the Council's priority indicators. By modifying the eligibility for the Discontinued Retirement Service Plan, pension multipliers, and Social Security integrate age for Group F members, the Bill would increase the actuarial value of income for current and future Montgomery County sworn police officers who participate in the Employees' Retirement System. Based on rates of County residence among retired police officers, approximately half of the income increase likely would go to residents. The remainder would constitute significant capital outflows in the form of government revenue used to fund pension increases for retired police officers who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations. Moreover, capital outflows caused by the policy change would occur indefinitely if current rates of County residence among retired police officers continue. Because there are no indications current residence patterns among current and retired police officers will drastically change, OLO believes the negative impacts of the Bill would be significant in the long term.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 19-23

The Discontinued Retirement Service Plan (DRSP) is a voluntary program in the Montgomery County Employees' Retirement System that allows an employee to collect monthly retirement pension payments in an investment account while actively employed for up to three years. Currently, any sworn police officers in Group F who is at least 46 years old and has at least 25 years of credited service may participate in the DRSP.[1]

The goal of Expedited Bill 19-23 is to implement provisions in the Collective Bargaining Agreement that were negotiated between the County Executive and the Fraternal Order of Police, Lodge 35, Inc. The Bill seeks to do so by making the changes to the County Code regarding retirement plans for sworn police officers in Group F.

If enacted, the Bill would make the following changes to the retirement plans:

- Amend the Discontinued Retirement Service Plan to replace the age and length of service eligibility requirements with eligibility based upon the employee's normal retirement date;
- Amend Group F pension multipliers for the Integrated Retirement Plan which would increase the maximum benefit from 86.4% to 86.6% and increase the value at 25 years of service from 60% to 65%; and

[1] Summary Description for Sworn Police Personnel in Retirement Group F.

- Adjust the Social Security integration age.[2]

To estimate the Bill's fiscal impact to the Montgomery County Employee's Retirement System, GRS performed an actuarial analysis, which is summarized in the Office of Management and Budget's Fiscal Impact Statement. See **Table 1** for the annual and total fiscal impacts of the Bill.

Table 1. Estimated Fiscal Impacts of Expedited Bill 19-23

Retirement Change	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
DRSP Eligibility	$120,327	$123,937	$127,654	$131,485	$135,429	$135,429	$774,261
SS Integration Age	$1,220,578	$1,257,196	$1,294,911	$1,333,759	$1,373,771	$1,373,771	$7,853,986
Pension Multiplier	$0	$1,440,820	$2,968,089	$3,057,130	$3,148,845	$3,243,310	$13,858,194
Total	**$1,340,905**	**$2,821,953**	**$4,390,654**	**$4,522,374**	**$4,658,045**	**$4,752,510**	**$22,486,441**

Data Source: Office of Management and Budget

The Council introduced Expedited Bill 19-23, Department of Police – Pension and DRSP Adjustments, on behalf of the County Executive on April 11, 2023.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Expedited Bill 19-23 on residents and private organizations in terms of the Council's priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.[3]

In this statement, OLO estimates how much of the pension increase likely would go to resident and nonresident households. The amount that would likely go to nonresident households represents the magnitude of the capital outflow.

Because OLO does not know how County revenues used to fund the pension increases would otherwise be used in the absence of enacting the Bill, OLO limits the scope of the analysis to the economic impacts of increased pension payments. That is, this analysis does not account for the economic impacts of alternative government spending in the amount of the capital outflow.

The analysis here draws on the following sources of information:

- OMB's Fiscal Impact Statement for Expedited Bill 19-23; and
- Data on the residence of active and retired Montgomery County Police Department (MCPD) employees provided by the Office of Human Resources (OHR).

[2] Introduction Staff Report for Expedited Bill 19-23.
[3] Montgomery County Code, Sec. 2-81B.

VARIABLES

The primary variables that would affect the economic impacts of enacting Expedited Bill 19-23 are the following:

- total annual pension payments; and
- place of residence.

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Residents

OLO anticipates Expedited Bill 19-23 would have overall negative impacts on County residents in terms of the Council's priority economic indicators.

Resident MCPD Employees

The Bill would primarily benefit current and future sworn police officers in Group F. By modifying the eligibility for the Discontinued Retirement Service Plan, pension multipliers, and Social Security integrate age for Group F members, Montgomery County sworn police officers who participate in the Montgomery County Employees' Retirement System would receive an increase in the actuarial value of income during their future retirement.

Importantly, the Bill's impacts to County residents (as well as businesses) largely would depend on how many affected police officers *reside within the County*. Data provided by the Office of Human Resources (OHR) on the residence of *active* and *retired* County employees as of May 2022 indicate that 55% of both active and retired MCPD personnel reside in the County. See **Table 2**.

Thus, OLO anticipates approximately half of the total income increase would positively impact County residents.

Table 2. Place of Residence for Active and Retired MCPD Personnel as of May 2022

	Montgomery, MD	Other Jurisdictions
Active MCPD Personnel	983	817
	55%	45%
Retired MCPD Personnel and Beneficiaries	94	76
	55%	45%

Data Source: Office of Human Resources

Capital Outflow

While County-based MCPD retirees would benefit from the Bill, OLO believes its overall economic impact on residents would be negative because it likely would result in a significant capital outflow in the form of government revenue flowing out of the County to nonresident households.

Table 3 presents estimates of the amount of County contributions that would go towards resident and nonresident pension earnings, based on the Bill's estimated fiscal impact estimates and the rate of residence among retired MCPD personnel. (See Tables 1 and 2.) As shown below, OLO estimates that the pension increase would be $12.4 million for residents and $10.1 million for nonresidents over the next six fiscal years.

Table 3. County Contributions by Residence

	County Contributions	Residents 55%	Nonresidents 45%	Difference
FY2024	$1,340,905	$737,498	$603,407	$134,091
FY2025	$2,821,953	$1,552,074	$1,269,879	$282,195
FY2026	$4,390,654	$2,414,860	$1,975,794	$439,065
FY2027	$4,522,374	$2,487,306	$2,035,068	$452,237
FY2028	$4,658,045	$2,561,925	$2,096,120	$465,805
FY2029	$4,752,510	$2,613,881	$2,138,630	$475,251
Six-Year Total	**$22,486,441**	**$12,367,543**	**$10,118,898**	**$2,248,644**

Data Sources: Office of Management and Budget; Office of Human Resources

In sum, the Bill would increase pension earnings for MCPD retirees who would reside in the County during retirement. However, given the magnitude of the capital outflow, the Bill would result in forgone economic activity that would negatively impact residents in terms of the Council's priority economic indicators.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates enacting Expedited Bill 19-23 would have mixed, yet overall negative, impacts on private organizations in the County. Higher pension payments to residents likely would increase household spending on goods and services, benefiting certain County-based businesses. However, as indicated in **Table 3**, the Bill would result in significant capital outflows, which would result in forgone economic activity that would negatively impact private organizations in terms of the Council's priority economic indicators.

Net Impact

In sum, based on the rates of County residence among currently retired and active MCPD personnel, Expedited Bill 19-23 likely would generate significant capital outflows in the form of government revenue used to fund pension increases for retired MCFRS employees who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations in terms of the Council's priority economic indicators. Moreover, if rates of County residence among MCPD retirees continue, capital outflows caused by the change in the pension plan would occur indefinitely. OLO sees no indication current residence patterns among MCPD employees and retirees will drastically change. Therefore, OLO believes the negative impacts of the Bill would be significant in the long term.

DISCUSSION ITEMS

Not applicable

WORKS CITED

Montgomery County Code. Sec. 2-81B, Economic Impact Statements.

Montgomery County Council. Introduction Staff Report for Expedited Bill 19-23, Department of Police – Pension and DRSP Adjustments. Introduced on April 11, 2023.

Summary Description for Sworn Police Officers in Retirement Group F. July 2015. Montgomery County Employee Retirement Plans.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

AUTHOR

Stephen Roblin (OLO) prepared this report.

Climate Assessment

Office of Legislative Oversight

Expedited Bill 19-23: Department of Police – Pension and DSRP Adjustments

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 19-23 will have no impact on the County's contribution to addressing climate change as the bill is proposing changes to retirement plans for certain County employees.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 19-23

The Discontinued Retirement Service Plan (DRSP) is a voluntary program that allows an employee to collect monthly retirement pension payments in an investment account while actively employed for up to three years. Currently, any employee in Group F who is at least 46 years old and has at least 25 years of credited service may participate in the DSRP.

Expedited Bill 19-23 proposes the following changes to retirement plans for employees in Retirement Group F.[1]

- Amend the Discontinued Retirement Service Plan to replace the age and length of service eligibility requirements with eligibility based upon the employee's normal retirement date;
- Amend Group F pension multipliers for the Integrated Retirement Plan which would increase the maximum benefit from 86.4% to 86.6% and increase the value at 25 years of service from 60% to 65%; and
- Generally amend the law regarding retirement plans for Group F members.

The proposed changes would increase County expenditures by approximately $1.3 million in FY24, increasing annually to $4.8 million by FY29. It would not impact any County revenues.[2]

Expedited Bill 19-23, Department of Police – Pension and DSRP Adjustments was introduced by the Council President on behalf of the County Executive on April 11, 2023.

ANTICIPATED IMPACTS

As Bill 19-23 proposes changes to retirement plans for certain County employees, OLO anticipates it will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

Recommended Amendments

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[3] OLO does not offer recommendations or amendments as Expedited Bill 19-23 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

Caveats

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

Purpose of Climate Assessments

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

Contributions

OLO staffer Kaitlyn Simmons drafted this assessment.

[1] "Montgomery County Employees' Retirement System Summary Description for Sworn Police Personnel in Retirement Group F", Montgomery County Employee Retirement Plans, July 2015.
[2] Introduction Staff Report for Expedited Bill 19-23, Montgomery County Council, April 11, 2023.
[3] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022