



Committee: Directly to Council
Staff: Craig Howard, Deputy Director
Aron Trombka, Senior Legislative Analyst, OLO
Purpose: Review – straw vote expected
Keywords: FY22 Operating Budget

AGENDA ITEMS #7
April 27, 2021
Worksession

SUBJECT

FY22 Compensation and Benefits – All Agencies

EXPECTED ATTENDEES

- Fariba Kassiri, Deputy Chief Administrative Officer
- Jennifer Bryant, Director, Office of Management and Budget
- Jennifer Harling, Chief Labor Relations Officer
- Steven Blivess, Office of Labor Relations
- Corey Orlosky, Office of Management and Budget
- Rachel Silberman, Office of Management and Budget

DESCRIPTION/ISSUE

Council staff will review compensation and benefits for all agencies in the FY21 recommended operating budget, covering five key issue areas:

- FY22 budget and compensation context;
- Overview and analysis of FY22 agency requests for pay adjustments, retirement, and group insurance;
- Other Post-Employment Benefits (OPEB) pre-funding;
- An analysis of compensation cost sustainability; and
- Compensation related Non-Departmental Accounts.

COUNCIL DECISION POINTS

The Council will take initial straw votes on several compensation and benefit items. **Decisions on compensation and benefit provisions in the negotiated collective bargaining agreements for represented County Government employees will be made separately.** See pages 23-25 of the Council Staff Report for a summary of the FY22 compensation changes and Council staff's recommendations.

This report contains:

Council Staff Report

1-25

Staff Report Attachments

©1-54

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MEMORANDUM

April 22, 2021

TO: County Council

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

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

1. BUDGET AND COMPENSATION CONTEXT

The Executive’s FY22 recommended tax supported operating budget is \$5.125 billion, an increase of 1.2% above the FY21 amount. Across the four County-funded agencies, employee compensation costs (consisting of salaries as well as benefits) comprise about 80% of all agency expenditures. As such, the cost of government is driven by both the number of employees and the cost per employee. County-funded agencies have requested tax supported FY22 operating budgets with a combined \$3.6 billion for employee compensation, a 1.7% increase from FY21.

FY21 Approved and FY22 Requested Tax Supported Compensation Costs by Agency

Agency	FY21	FY22	% Change
County Government	\$1,035,077,487	\$1,067,638,704	3.2%
MCPS	\$2,170,418,674	\$2,196,463,277	1.2%
Montgomery College	\$219,235,074	\$216,996,786	-1.0%
M-NCPPC	\$119,933,175	\$124,967,049	4.2%
Totals	\$3,544,664,410	\$3,606,065,816	1.7%

Since compensation costs are the dominant factor in the cost of providing County services, the long-term sustainability of County agency operating budgets is dependent upon maintaining a balance between compensation cost growth and revenue growth. Increases in compensation costs will demand the expenditure of additional resources. The 1.7% increase in the aggregate four-agency compensation request is higher than the projected growth in tax supported revenues of 0.8% from FY21 to FY22 in the County Executive’s March 16 budget, but below the 2.4% average annual growth rate assumed over the six-year period between FY22-27.

For County Government, the Council will make review and make decisions on the proposed collective bargaining agreements and other compensation costs not part of the agreements. For MCPS, Montgomery College, and M-NCPPC, final decisions on proposed FY22 pay and benefit enhancements will be made by their respective governing bodies based on the ultimate funding levels approved by the Council.

2. PAY ADJUSTMENTS

This section provides an overview of agency requested FY22 pay adjustments. More detailed information comparing FY21 approved and FY22 requested compensation costs by agency appears on ©1-27.

A. County Government

For FY22, the Executive negotiated pay increases with each bargaining unit. The table below shows the FY22 general wage adjustments and service increments negotiated by the Executive. In addition, the Executive recommends funding a past year service increment for eligible MCGEO members who did not receive a service increment during the recession year of FY11. Proposed County Government salary schedules appear on ©28-42.

The table below summarizes the major pay adjustments recommended by the Executive for FY22.

Executive Recommended FY22 County Government Pay Increases					
Employee Group	General Wage Adjustment	Service Increment ¹	Past Year Service Increment	Longevity Increment	Lump Sum Payment
MCGEO	\$1,684 (effective June 2022)	3.5%	1.25% from FY11 (effective July 2021)	<u>Non-Public Safety</u> 3.0% at 18 and 24 years of service <u>Public Safety</u> 3.5% at 20 years of service and 2.5% at 24 years of service	\$600 for members not eligible for FY22 service increment
FOP	2.5% (effective Jan. 2022)	3.5%	None	3.5% at 16 and 20 years of service	None
IAFF	1.5% (effective June 2022)	3.5%	None	3.5% at 20 and 24 years of service	None
Non-Represented	\$1,684 (effective June 2022)	3.5%	None	2.0% at 20 years of service (employees with high performance ratings)	None
MLS/PLS	\$1,684 (effective June 2022)	Performance-based pay in lieu of service increments	None	None	None

¹ Non-MLS/PLS employees would receive the service increment at the first pay period following the employee's hiring anniversary date. The effective date for MLS/PLS performance-based pay increases is July 1, 2021.

The paragraphs below detail each of major pay adjustments recommended by the Executive. Information on past year pay increases received by County Government employees is attached at ©43.

General Wage Adjustments: The Executive recommends general wage adjustments (GWAs, also known as cost of living adjustments) of 2.5% for FOP members (effective January 2022); and 1.5% for IAFF members (effective June 2022). The Executive recommends a flat dollar amount of \$1,684 as the GWA for MCGEO members and most unrepresented employees² (effective June 2022). The cost of \$1,684 per employee GWA approximately equates to the cost of a 2.4% salary increase for MCGEO members and a 1.5% increase for MLS/PLS members and other non-represented employees.

A flat dollar amount GWA represents a higher pay increase for lower salaried employees than for higher salaried employees. For example, the \$1,684 GWA represents a 4.2% pay increase for an employee with an annual salary of \$40,000 while the same dollar amount represents a 1.7% pay increase for an employee with an annual salary of \$100,000. Council staff notes that if a flat rate GWA is used again in future years, it may result in salary scale compression.

The agreement negotiated with the IAFF includes a conditional amendment that could require the Executive to request an increase the FY22 GWA for IAFF members. Specifically, should the consumer price index (CPI) for the period ending March 2022 exceed 1.5%, the agreement states that the Executive must submit a supplement appropriation to adjust the GWA for IAFF members to an amount equal to the CPI for that period, up to a maximum of 2.25%.

Service Increments: The Executive recommends that all County Government merit system employees (excluding Management Leadership Service and Police Leadership Service employees) who are not at top of grade receive a 3.5% service increment (also known as a step increase) in FY22. An employee receives the service increment in the first pay period following his/her employment anniversary date.

MCGEO Past Year Service Increment: The Council did not fund service increments for any County employees in FY11, FY12, and FY13 because of fiscal constraints.³ The Executive negotiated a contract with MCGEO that includes past year service increments for certain employees. The agreement with MCGEO offers an additional service increment of 1.25% (effective July 2021) for bargaining unit members who did not receive a service increment in FY11.

² As recommended by the Executive, the \$1,684 GWA would apply to all non-represented employees except Fire and Rescue uniformed management. Fire and Rescue uniformed management members would receive a 1.5% GWA.

³ FOP members received past year service increments of 1.75% awarded in FY14 and FY15. The Executive agreed to a past year service increment of 3.5% to be awarded in FY17 for both the FOP and MCGEO, but the Council rejected funding for both. For FY19, the Executive recommended a past year service increment of 3.5% for MCGEO who had been employed by the County in FY11; the Council rejected the original proposal but subsequently approved an amended MCGEO agreement with a 1.25% FY11 service increment. Unrepresented employees have not received any make-up service increments for the service increments missed in FY11, FY12, and FY13.

Performance-Based Pay: Employees in the Management Leadership Service (MLS) and the Police Leadership Service (PLS) are eligible for performance-based pay increases in lieu of service increments. Since MLS/PLS employees are non-represented, performance-based pay is not included in any collective bargaining agreement. The Executive’s recommended FY22 operating budget includes \$3.0 million (\$2.0 million tax supported) in the Compensation Adjustment and Employee Benefits non-departmental account to fund performance-based pay increases for MLS/PLS employees. MLS/PLS employees did not receive performance-based pay increases in FY21. The Executive’s FY22 budget includes funding for performance-based pay increases covering two years, FY21 and FY22. As of the writing of this memorandum, the Executive has not finalized details on how or when to award MLS/PLS employees with two performance-based pay adjustments in a single fiscal year.

Lump Sum Payments: The Executive negotiated an agreement with MCGEO that includes a lump sum payment of \$600 for employees (including those at top of grade) who are not eligible for a service increment in FY22. While the lump sum payments do not raise future year employee salaries, nonetheless, staff notes that the FY20 agreement with MCGEO also included a “one-time” lump sum payment of \$1,200 for employees who did not receive a service increment that year.

Longevity Adjustments: County Government employees who have worked a specified number of years are eligible for a longevity adjustment to their base pay. As shown in the table below, longevity adjustments vary by employee group. MLS/PLS employees are not eligible for longevity adjustments. The Executive recommends funding existing longevity adjustments for eligible employees.

Executive Recommended FY22 Longevity Adjustments

Employee Group	Years of Service	Percent
MCGEO (non-public safety)	18	3.0%
MCGEO (non-public safety)	24	3.0%
MCGEO (public safety)	20	3.5%
MCGEO (public safety)	24	2.5%
FOP	16	3.5%
FOP	20	3.5%
IAFF	20	3.5%
IAFF	24	3.5%
Non-Represented ⁴	20	2.0%

⁴ For non-represented employees, only those who are at top of grade and received performance ratings of “exceptional” or “highly successful” for the two most recent years are eligible for a longevity increase.

Sick Leave: The Executive's recommended operating budget includes two sick leave related compensation adjustments.

Currently, IAFF members receive one month of credited service toward their pension for every 176 hours of unused sick leave. No service credit is provided for partial months (accumulated hours in increments of less than 176 hours). A new provision in the IAFF agreement allows unused sick leave of less than one-month to be converted to cash and credited to a member's deferred compensation account. The amount credited would be based on the employee's hourly rate of pay at cessation of County service.

In addition, the negotiated agreement with MCGEO includes a provision for the County to pay employees in the RSP or GRIP retirement plans for unused sick leave at separation from employment. The agreement states that MCGEO employees with at least 10 years of service and a sick leave balance of at least 120 hours will receive a payment of \$5,000 and that MCGEO employees with at least 20 years of service and a sick leave balance of at least 240 hours will receive \$10,000. On a per hour basis, these amounts would pay out sick leave at a rate of \$41.66 per hour (equivalent to the hourly rate of an employee making \$86,666 per year). The Executive has indicated that he plans to extend the sick leave payout program to non-represented employees⁵ in the RSP or GRIP.

The proposed sick leave crediting (IAFF) and the sick leave payout (MCGEO and non-represented) represent significant changes in long-standing County policies. Section 17-12 of the County Personnel Regulations states that "an employee must forfeit accumulated sick leave upon separation from County service" (with the exception of the use of accumulated sick leave for calculation of pension benefits). Staff notes that when a provision of the Personnel Regulations conflict with a provision of a collective bargaining agreement, the provision in the collective bargaining agreement prevails. Extension of the sick leave payout program to non-represented employees likely would require an amendment to Section 17-12 of the Personnel Regulations.

The proposed sick leave policy change would have an initial cost of about \$575,000 per year. The Executive has not provided data or analysis indicating any anticipated operating effects of the proposed changes.

Miscellaneous Pay and Benefit Adjustments: The negotiated agreements include various miscellaneous pay adjustments and benefit enhancements including increases in shift differential pay, stand by pay for Fire Marshals, uniform allowances, and transit subsidies. Details about these pay and benefit adjustments appear in Senior Legislative Attorney Drummer's memorandum on the collective bargaining agreements.

⁵ MLS and PLS employees receive "paid time off" in lieu of annual and sick leave and so would not be eligible for the sick leave payout program.

Cost of Pay Adjustments: As shown in the table below, the pay and retirement contribution adjustments recommended by the Executive will have a combined FY22 cost of \$13.0 million (\$16.7 million tax supported).⁶ These estimates include the salary and wage costs as well as salary-based benefit costs borne by the employer.⁷ However, as many of the pay adjustments take effect at the end of the fiscal year, the amount budgeted for FY22 does not reflect the full annualized cost (that is, the 12-month cost) of the Executive’s recommendations. The annualized cost of the FY22 pay adjustments is \$39.4 million (\$30.8 million tax supported). The annualized cost of the adjustments is almost two-and-a-half times greater than the FY22 cost. The annualized cost of the pay adjustments exceeds the FY22 cost by \$22.8 million (\$17.8 million tax supported). These costs will become part of the base budget in FY23 and all subsequent years. Future year annualized cost of the pay increases will have to be funded from on-going (as opposed to one-time) revenue sources.

Estimated Cost of Executive Recommended FY22 Pay Adjustments
(collective bargaining agreements, non-represented pass-through,
and MLS/PLS performance-based pay)

	Total Cost		Tax Supported Cost	
	FY22 Budgeted Amount	Annualized Cost	FY22 Budgeted Amount	Annualized Cost
GWA – \$1,684 for MCGEO	\$348,156	\$10,401,161	\$249,670	\$7,458,893
GWA – 2.5% for FOP	\$1,435,494	\$2,870,988	\$1,435,494	\$2,870,98
GWA – 1.5% for IAFF	\$51,147	\$1,534,410	\$51,060	\$1,531,786
GWA – 1.5% for F&R Mgmt.	\$2,869	\$86,644	\$2,864	\$86,496
GWA – \$1,684 for Non-Rep.	\$132,917	\$4,014,093	\$99,775	\$3,034,196
Increments – 3.5%	\$7,687,467	\$14,157,097	\$6,136,030	\$11,200,021
Deferred Increment – 1.25% for MCGEO	\$734,274	\$734,274	\$526,563	\$526,563
Performance-Based Pay	\$3,000,000	\$3,000,000	\$2,000,000	\$2,000,000
Longevity Adjustments	\$474,114	\$884,229	\$418,635	\$772,021
Lump Sum - MCGEO	\$1,055,791	N/A	\$757,130	N/A
Other*	\$1,738,545	\$1,733,151	\$1,313,988	\$1,310,120
TOTALS	\$16,660,774	\$39,416,047	\$12,991,209	\$30,791,084

* Includes shift differentials, sick leave payouts, transit subsidies, and other miscellaneous personnel costs.
Source: Office of Management and Budget

⁶ Cost estimates include pay adjustments from bargained agreements, non-represented employee pass-through adjustments, and MLS/PLS performance-based pay.

⁷ The estimates include the additional costs of all salary-based benefits included Social Security, Medicare, defined benefit retirement, and defined contribution retirement.

Workforce Size: Compensation costs are function of two variables, the cost per employee and the number of employees, also known as workforce size. In an August 2020 letter to the Council, the Chief Administrative Officer informed the Council that the Executive and MCGEO have convened the Cost Efficiency Study Group to “analyze existing government operations and consider alternate service delivery methods and organizational structures to better serve the residents of Montgomery County...The primary charge of the Study Group is to identify at least 100 vacant positions that can be abolished across various levels of County government without impacting service delivery.”

The Executive’s FY22 recommended budget does not include any position reductions related to the work of this Study Group. In fact, the Executive recommends raising the number of full-time equivalents positions (FTEs) from 10,519 to 10,598, an increase of 79 FTEs. OMB provided the following update on the Study Group’s status:

The Cost Efficiency Study Group has experienced progress delays, mainly due to scheduling and availability difficulties, but has continued to meet. As of March 24, 2021, we are reviewing the final draft with the consultant, Matrix Consulting Group. We will then identify the next steps and conclude our work with the consultant by the end of April 2021, and then begin the process of reviewing, adapting, and approving recommendations from the report for implementation by Executive staff. While it is expected that the initial steps will include abolishing a small number of positions, the impact of this project is intended to result in more systematic cross-departmental changes over time, and will make service delivery in Montgomery County Government more effective and efficient

B. MCPS

The Board of Education recently completed FY21 negotiations with its employee bargaining units. If ratified, the agreements will provide a 2.0% GWA for all represented employees. The agreements include service increments (“steps”) for eligible employees ranging from 1.5% to 5.5% (with an average of approximately 3.5%). In addition, the agreements include longevity increases for eligible employees. Upon ratification of the agreement, the FY21 pay increases would become effective on May 3, 2021. MCPS and its employee bargaining units have not yet begun negotiations for FY22.

C. Montgomery College

Montgomery College recommended FY22 operating budget includes no funding for pay adjustments. Each of the College’s employee bargaining units have agreed to forego wage adjustments in FY22. In FY21, most College employees received GWAs ranging from 2.3% to 3.0%.

D. M-NCPPC

The Montgomery County portion of M-NCPPC’s FY22 budget request includes \$2.3 million for employee pay increases as well as an additional \$0.6 million for possible employee reclassifications. As of the writing of this memorandum, FY22 pay adjustments for represented

and non-represented employees have yet to be determined. The Commission is currently in negotiations with its two employee bargaining units, MCGEO and the FOP. M-NCPPC is negotiating a wage and benefit re-opener with the FOP and conducting full contract negotiations with MCGEO.

Last week, Planning Board Chair Casey Anderson sent a letter to the Council President that includes the following description of the status of the Commission's ongoing negotiations with MCGEO and the FOP.

The budget the Commission has submitted for your consideration includes a salary marker based solely on assumptions about raises for FY22. If we had known that Montgomery County Government might add "makeup" step increases and cost-of-living adjustments for FY21 we would have built these wage increases into our base budget for FY22. The addition of makeup increases for FY21 inflates the compensation base, which has the effect of raising the cost impact of any step increase or COLA applied in FY22. The salary marker in our budget proposal was based on adopted FY21 salaries and would be insufficient to cover the FY21 makeup merit/COLA contemplated by the agreements reached by the Elrich administration, much less further increases for FY22.

The Commission is now in the middle of negotiations with both unions. If our negotiations result in compensation increases at levels similar to what Montgomery has granted for FY21, let alone any additional negotiated increases for FY22, we will have to amend our proposed budget request by more than \$1 million to cover the FY21 increases and a similar amount for FY22, for a total increase approaching \$2.5 million. If the Council is unable to provide these additional sums, we will have no choice but to make reductions in services.

E. WSSC

As a result of revenue shortfalls, WSSC employees received no cost of living adjustment nor merit increase in FY21. Instead, WSSC provided a one-time cash payment of \$1,250 in FY 21 to represented and non-represented employees who worked at least 50% of their hours during the pandemic on-site. WSSC does not plan to offer cost of living adjustments or merit increase to employees in FY22. The proposed FY22 WSSC operating budget includes funding for one-time cash payments of \$750 for represented and non-represented employees.

WSSC also provides monetary awards as incentives for outstanding performance through its "Flexible Worker Program." While the program was suspended in FY21, the agency intends to reinstate the awards in FY22.

The WSSC budget including pay adjustment will be determined by joint agreement of the Montgomery and Prince George's County Councils.

3. RETIREMENT BENEFITS

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

A. County Government

The Executive recommends no changes to County Government employee retirement plan design in FY22 as part of his budget submission. However, the agreement negotiated with the IAFF includes a side letter in which the Executive agrees to submit by the end of FY22 legislation that would provide IAFF members with a pension credit equal to “5% of their average final earnings for each year of service credited toward retirement of accumulated sick leave.” The side letter further states that the Executive and the IAFF President may alter the timing or content of the legislation by mutual consent. The Executive has not provided details of the pending legislation nor has he submitted an actuarial assessment of the cost. The County Government operating budget includes contributions to pay for three different employee retirement plans.

Defined Benefit Plan (Employees’ Retirement System). Uniformed public safety employees as well as general government employees hired before October 1, 1994 participate in a defined benefit pension plan, the Employees’ Retirement System (ERS). To support this benefit, the County Government makes an annual contribution to the pension trust fund. The County’s actuary annually calculates the amount of the pension plan contribution based on assessments of pension fund assets, accrued liabilities, and demographic assumptions. The annual contribution amount is intended to set aside funds to cover projected future pension payments (“normal costs”) as well as the cost of amortized payments to cover past year benefit improvements and investment losses (“unfunded liability”). For FY22, the Executive’s recommended ERS contribution is \$51.1 million (\$49.7 million tax supported).

Defined Contribution Plan (Retirement Savings Plan). General government employees hired since October 1, 1994 participate in the Retirement Savings Plan (RSP). The County Government contributes a defined percentage of salary (currently 8%) into employee retirement savings accounts. For FY22 the County will contribute an estimated \$19.8 million (\$15.9 million tax supported) to employee RSP accounts.

Cash Balance Plan (Guaranteed Retirement Income Plan). Beginning in 2009, non-public safety employees hired since October 1, 1994 have had the option of participating in the Guaranteed Retirement Income Plan (GRIP). GRIP is a cash balance plan that guarantees a 7¼% annual return.⁸ About 26% of eligible employees have chosen the GRIP option. The Executive estimates that the GRIP will cost the County Government \$9.9 million (\$7.8 million tax supported) in FY22.

⁸ As a cash balance plan that guarantees an annual return, the GRIP is a type of defined benefit plan.

Participation and Cost Comparisons. A large disparity exists in the costs of the County Government retirement plans. The table below shows the number of employees participating in each of the retirement plans and the total FY22 cost (excluding employee contributions) for each plan. The data show that while 39% of employees participate in the ERS, the ERS accounts for 63% of total County Government retirement plan costs. The average cost per employee for an ERS participant is almost two-and-a-half times greater than the cost per RSP participant and more than three-and-a-half times greater than the cost per GRIP participant.

	Plan Participants		FY22 Cost		Average FY22 Cost/ Employee
	Employees	Percent	\$ Amount (millions)	Percent	
ERS (Defined Benefit)	3,683	38.6%	\$51.06	63.16%	\$13,863
RSP (Defined Contribution)	3,328	34.9%	\$19.84	24.54%	\$5,960
GRIP (Cash Balance)	2,521	26.4%	\$9.94	12.30%	\$3,945

The County’s FY22 retirement contribution rates (as a percentage of an employee’s salary) are 18.2% for public safety employees in the ERS; 14.4% for non-public safety employees in the ERS⁹; 8.0% for employees in the RSP, and 6.3% for employees in the GRIP.

B. MCPS

MCPS provides a core pension benefit for employees in permanent positions who are not eligible for a State pension as well as a supplemental benefit for all permanent employees. MCPS is the sole school district in the State of Maryland to provide a pension supplement. The Board of Education budget assumes no changes to MCPS employee retirement plan benefits in FY22.

For FY22, the cost of the funding MCPS pension benefits will be \$68.2 million (over and above the local contribution to the State Teacher’s Pension Plan). In 2012 the Maryland General Assembly shifted a portion of the annual funding requirement for the State-run teacher pension system to the counties.¹⁰ The shift of pension costs to the counties was phased in over four years (FY13 through FY16). Beginning in FY16, the County’s teachers’ pension contribution was counted in the Maintenance of Effort calculation. For FY22, the amount of the local contribution to the State pension fund is \$61.7 million (\$55.1 million in tax supported funds and \$6.6 million in grant funds).

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

⁹ As the ERS closed for non-public safety employees in 1994, the number of active employees contributing to the plan has steadily declined resulting in the high contribution rate (as a percent of salary).

¹⁰ Under the 2012 State law, counties must pay for the normal pension costs going forward. The State remains responsible for costs associated with unfunded pension liability.

C. Other Agencies

Montgomery College, M-NCPPC, and WSSC each offer defined benefit pension plans. None of these agencies plan changes to the design of their respective retirement plans in FY22.

D. Funded Ratios

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

The table below shows the most recent funded ratio or “fiduciary net position as a percentage of the total pension liability” for agency pension plans.¹¹ The County Government’s funded ratio has steadily improved in recent years and now exceeds 97%, in part because of strong investment returns. The funded ratios for M-NCPPC and WSSC had declined in previous years, but both recovered over the last two years predominantly because of improved investment returns. At 80% funded, the MCPS pension has the lowest agency pension funded ratio. In FY19, MCPS adopted changes to its actuarial and demographic assumptions intended to steadily build up pension fund assets, and thereby improve its funded ratio.

Agency	Pension Funded Ratios ¹²
County Government	97.5%
MCPS	80.0%
M-NCPPC (Bi-County)	87.5%
WSSC (Bi-County)	87.7%

4. COMPENSATION COST SUSTAINABILITY

Last month, the Council adopted Resolution No: 19-753 that established and/or updated several fiscal policies. The resolution included a policy addressing the sustainability of County Government compensation costs. The Council-adopted policy reads:

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

¹¹ Montgomery College does not manage a pension fund as its employees participate in a State-run retirement system.

¹² Funded ratios are as of June 30, 2020 for the County Government, MCPS and M-NCPPC and as of December 31, 2019 for WSSC.

In summary, the compensation sustainability policy states that the annual growth rate of total compensation costs should be similar to the annual growth rate of tax supported revenues. If the rates differ, the policy asks the Executive to explain how increases in total compensation costs requested in the budget will be supported by revenues or reductions in expenditures.

The Executive’s recommended FY22 operating budget includes tax-supported compensation costs that exceed those in the FY21 budget by 3.2%. As many of the recommended pay increases take effect at the end of FY22, the on-going annual impact of the Executive’s compensation package is much higher than a 3.2% increase. In contrast, the Executive’s budget projects that tax-supported revenues will grow by 0.8% in FY22. Over the six-year period of FY22 through FY27, the budget assumes that revenues will increase at an average annual rate of 2.4%.

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

The table below illustrate how a mismatch between cost and revenue growth affects long-term budget sustainability. The FY21 County Government operating budget includes approximately \$975 million in compensation costs. The table compares six-year growth of \$975 million at a rate of 3.2% (the FY22 compensation growth rate recommended by the Executive) versus a rate of 0.8% (the projected rate of revenue growth for FY22). As shown in the table, the difference between these two growth rates yields a \$23 million gap in FY22. The cumulative effect of this pattern, if allowed to recur annually, would produce a gap in excess of \$150 million at the end of six years. If revenue grew at 2.4%, the assumed average annual rate, there would still be a gap, but it would be smaller.

**Future Year County Government Compensation Cost Growth
Comparison of 3.2% and 0.8% Annual Growth Rates
(in \$ Millions)**

	FY21	FY22	FY23	FY24	FY25	FY26	FY27
3.2% Annual Increase (CE Rec. FY22 Growth Rate)	\$975	\$1,006	\$1,038	\$1,072	\$1,106	\$1,141	\$1,178
0.8% Annual Increase (Projected FY22 Revenue Growth Rate)	\$975	\$983	\$991	\$999	\$1,007	\$1,015	\$1,023
Difference	--	\$23	\$48	\$73	\$99	\$127	\$155

Spending patterns such as those illustrated in the table, if allowed to proceed unchecked, produces a true budget sustainability challenge. The unavoidable outcome of a recurring trend of this sort is to siphon resources away from non-compensation uses or to find new on-going (as opposed to one-time) revenue sources.

As described above, compensation costs in the Executive’s budget exceed the rate of projected revenue growth for both one year and six years. As required by Council policy, staff asked the Executive to explain how compensation cost increases will be supported by additional revenues or spending reductions. As of the writing of this memorandum, the Executive has yet to provide a response.

5. GROUP INSURANCE FOR ACTIVE EMPLOYEES

The FY22 tax supported request for active employees’ group insurance benefits for all agencies totals \$420.4 million, an increase of 4.6% from FY21. These costs represent the employer share of annual group insurance premiums. **The requested funding for active employee group insurance accounts for approximately 8% of all tax supported spending.**

FY21 Approved and FY22 Requested Tax Supported Active Employee Group Insurance Costs

Agency	FY21 Approved	FY22 Request	% Change, FY21-22
County Government	\$107.8 million	\$110.8 million	2.8%
MCPS	\$262.0 million	\$276.5 million	5.5%
Montgomery College	\$16.2 million	\$16.2 million	0.0%
M-NCPPC	\$15.9 million	\$16.9 million	6.1%
Total	\$401.9 million	\$420.4 million	4.6%

County Government. During FY21, the County Government experienced lower than projected health care claims due to decreased medical and dental usage during COVID, resulting in a larger than projected group insurance fund balance (see page 17). As a result, the County was able to keep most group insurance premiums flat in calendar year 2021 by drawing down on the fund balance. The FY22 request reflects health care expenditures moving back toward pre-pandemic levels.

The County does not plan any changes to active employee group insurance benefits in FY22. **However, the Executive’s budget includes funding for a different group insurance cost share for two groups of employees (FOP and IAFF).**

In FY11, as part of a series of actions to ensure long-term fiscal sustainability as part of the recovery from the Great Recession, the Council approved a group insurance cost share split of 75/25 (excluding HMO medical plans, which stayed at 80/20) for all County Government

employees. Each year since, the Council has reconfirmed this policy as part of its budget actions, resulting in significant cost savings. The collective bargaining agreements with the County's three unions were never amended to reflect this change.

For FY22, the Executive includes funding for an 80/20 cost share for IAFF and FOP employees due to the language in the collective bargaining agreements (MCGEO did agree to funding the cost share at 75/25 in FY22 in a side letter). **When similar actions have occurred in prior years, the Council has rejected any changes and maintained the 75/25 cost share for all employees.** Approving the standard 75/25 cost share for all County employees once again in FY22 will result in a reduction to the Executive's budget of \$1,463,487.

MCPS. The Board of Education's FY22 request is lowered by \$26.3 million due to drawing down on its group insurance fund balance. Absent this action, the projected tax supported request for active employee group insurance benefits would be around \$302.8 million. MCPS continues to provide a health premium cost share split substantially different than the cost share split for County Government. For the past several years, the Council has encouraged MCPS to align its cost share for active employees with that of County Government. **If MCPS did so, it would result in estimated annual savings in the range of \$25 million.** MCPS' cost share structure continues to include credits of 1% each for completing a biometric screening and a health risk assessment, but during FY21 the tobacco user surcharge of 25% was eliminated.

6. GROUP INSURANCE FOR RETIREES (OPEB)

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

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

The requested tax supported funding for retiree group insurance accounts for approximately 3.5% of all tax supported spending in FY22.

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

The FY22 tax supported request for retiree pay-as-you-go group insurance funding totals \$89.2 million, a 4.4% increase from the funding level in FY21. These costs represent the employer share of annual group insurance premiums.

FY21 Approved and FY22 Recommended Retiree Health Pay-As-You-Go Funding by Agency

Agency	Funding Source	FY21 Approved	FY22 Request	% Change, FY21-22
County Government	Tax Supported	\$47.1 million	\$50.6 million	7.4%
MCPS	Tax Supported	\$29.1 million	\$29.1 million	0.0%
	OPEB Trust	\$27.2 million	\$27.2 million	0.0%
	Total	\$56.3 million	\$56.3 million	0.0%
Montgomery College	Tax Supported	\$4.6 million	\$4.6 million	0.0%
M-NCPPC	Tax Supported	\$4.6 million	\$4.9 million	7.5%
All Agencies	Tax Supported	\$85.4 million	\$89.2 million	4.4%
	OPEB Trust	\$27.2 million	\$27.2 million	0.0%
	Total	\$112.6 million	\$116.4 million	3.4%

Notable factors impacting the FY22 retiree pay-as-you-go employee group insurance costs include:

- The **County Government’s** FY22 request reflects health care expenditures moving back toward pre-pandemic levels.
- **MCPS’** FY22 tax supported request is lowered by \$9.0 million due to drawing down on its group insurance fund balance. Absent this action, the projected tax supported request for active employee group insurance benefits would be around \$38.1 million.
- The Board of Education’s request and the County Executive’s recommendation for **MCPS** includes \$27.2 million in funding from MCPS’ portion of the Consolidated OPEB Trust to fund retiree pay-as-you-go costs.

B. OPEB Pre-Funding

FY22 Recommended OPEB Pre-funding. The Executive recommends \$92.1 million in tax supported OPEB pre-funding for FY22, fully meeting the actuarially determined contribution for each agency. The recommended OPEB pre-funding in FY22 includes an additional \$1.8 million in non-tax supported contributions.

FY21 Approved and FY22 Recommended OPEB Pre-Funding by Agency

	FY21 Approved	FY22 Recommended	% Change FY21-22
Tax Supported			
County Government	\$12.3 million	\$10.8 million	-12.2%
MCPS	\$69.4 million	\$73.0 million	5.2%
Montgomery College	\$5.5 million	\$5.6 million	1.8%
M-NCPPC ¹²	\$2.9 million	\$2.7 million	-10.4%
Total Tax Supported	\$90.1 million	\$92.1 million	2.2%
Total Non-Tax Supported¹³	\$2.0 million	\$1.8 million	-10.0%

Pre-Funding in the Fiscal Plan. The Executive’s FY22 tax supported OPEB pre-funding recommendation maintains the presumed funding levels in the fiscal plan. The table below shows six-year OPEB pre-funding summary from the Executive’s FY22-27 fiscal plan.

FY22-27 Tax Supported OPEB Pre-Funding in Executive’s Fiscal Plan (All Agencies)

FY22	FY23	FY24	FY25	FY26	FY27
\$92.1 million	\$81.9 million	\$72.8 million	\$62.6 million	\$61.8 million	\$61.8 million

Current Agency OPEB Liabilities, Assets, and Funded Ratio. An agency’s total OPEB liability refers to the present value of benefits earned to date for employees’ past service. The net position in trust refers to the current value of OPEB assets (cash or investments) placed into a fund to pay future liabilities. The funded ratio is calculated by dividing the net position in the trust by the total OPEB liability. The table on the next page shows these values for each agency based on FY20 Comprehensive Annual Financial Statements and each agency’s most recent OPEB valuation. In sum:

- The total estimated OPEB liability for County Government, MCPS, Montgomery College, and M-NCPPC is about \$5.1 billion.
- The actuarial value of OPEB assets in the agency trust funds, \$1.3 billion, represents 25% of the total OPEB liability.

¹³ The FY22 non-tax supported OPEB pre-funding recommendation includes \$1.7 million in County Government proprietary fund and participating agency contributions and \$129,681 in M-NCPPC proprietary fund contributions.

Agency OPEB Liabilities, Assets, and Funded Ratio (as of 7/1/20)

Agency	Total OPEB Liability	Net Position in Trust	Funded Ratio
County Government	\$1,632,065,976	\$620,552,366	38%
MCPS	\$3,068,256,022	\$568,957,591	19%
Montgomery College	\$171,516,420	\$58,323,168	34%
M-NCPPC ¹⁴	\$184,139,592	\$37,969,837	21%
Total	\$5,055,978,010	\$1,285,802,962	25%

Sources: FY20 Agency Comprehensive Annual Financial Reports and OPEB Actuarial Valuations as of 7/1/20

7. AGENCY GROUP INSURANCE FUNDS

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

Agency	FY20 Year-End Fund Balance		Future Fund Balance Projections
	\$'s	% of Expend.	
County Government ¹⁵	\$816,748	0.3%	<ul style="list-style-type: none"> Projected FY21 year-end fund balance of \$16.9 million or 6.2%. Fiscal projection shows a 5.5% year-end fund balance in FY22 and a 5.0% fund balance each year in FY23-27.
MCPS: Active Employees	\$31.6 million	9.1%	<ul style="list-style-type: none"> Projected FY21 year-end fund balance of \$10.6 million or 2.9%.
MCPS: Retired Employees	\$30.9 million	24.0%	<ul style="list-style-type: none"> Projected FY21 year-end fund balance of \$35.2 million or 26.9%.

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

¹⁵ The FY21-27 fiscal projection for the County Government's Employee Health Benefits Self Insurance Fund from the Executive's Fiscal Plan is at ©45.

M-NCPPC (Bi-County)	\$11.9 million	21.8%	<ul style="list-style-type: none"> • Projected FY21 year-end fund balance of \$11.3 million or 15.8%. • Proposed FY22 budget projects a year-end fund balance of \$11.1 million or 15.6%.
Montgomery College	\$978,000	5.5%	n/a

8. COUNTY GOVERNMENT COMPENSATION-RELATED NDAS

The FY22 recommended budget contains eight compensation-related Non-Departmental Accounts (NDAs).

A. Compensation and Employee Benefits Adjustments NDA (©46)

This NDA funds certain personnel costs related to adjustments in employee and retiree benefits, pay-for-performance awards for employees in the Management Leadership Service (MLS) and Police Management Service (PLS) employees, deferred compensation management, and unemployment insurance. The recommended amount for FY22 is \$5,631,834, a \$4,449,041 (or 376%) increase above the approved FY21 budgeted amount. The large jump in NDA funding is primarily attributable to increased costs for MLS/PLS performance-based pay increases and health insurance cost share adjustments for FOP and IAFF members (see pages 4 and 14 of this memorandum).

B. Consolidated Retiree Health Benefits Trust NDAs (©48 and ©51-52)

In 2011, the Council established the consolidated trust on behalf of County Government, MCPS, and Montgomery College to make the OPEB funding process more transparent. There is an NDA for each agency. The recommended amounts for the three NDAs in FY22 are \$10,829,980 (County Government), \$73,048,2690 (MCPS) and \$5,608,000 (Montgomery College).

C. Group Insurance for Retirees NDA (©49)

This NDA funds the employer share of annual group insurance premiums for County Government retirees. The recommended amount for FY22 is \$50,618,652.

D. Montgomery County Employee Retirement Plans NDA (©50)

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

E. State Positions Supplement NDA (©53)

This NDA funds the County supplement to State salaries and benefits for secretarial assistance for the resident judges of the Maryland Appellate Courts. The recommended amount for FY22 is \$60,756, the same amount as budgeted in FY21.

F. State Retirement Contribution NDA (©53-54)

This NDA funds the County's contribution to the Maryland State Retirement System (MSRS) for County employees who are members of the MSRS and to the State Library Retirement for Montgomery County Public Library retirees who receive a State retirement benefit. The recommended amount for FY22 is \$3,754.

9. ADMINISTRATION OF COUNTY GOVERNMENT RETIREMENT PLANS AND OPEB TRUST

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

A. Employees' Retirement System

The Employees' Retirement System (ERS) is a defined benefit (pension) plan for eligible County Government employees. Uniformed public safety employees, as well as general government employees hired before October 1, 1994 participate in the ERS. The ERS also serves general government employees hired starting October 1, 1994 who have elected to participate in the Guaranteed Retirement Income Plan (GRIP). The Board of Investment Trustees (BIT) invests and manages ERS assets. The table below shows FY21 approved and FY22 recommended ERS administrative and operating expenses.

Employees' Retirement System Administrative and Operating Expenses

	FY21 Approved	FY22 Recommended	\$ Amount Change FY21 to FY22	Percent Change FY21 to FY22
Investment Management	\$22,200,000	\$24,582,000	\$2,382,000	10.7%
Salaries and Benefits	\$2,584,000	\$2,550,000	-\$34,000	-1.3%
Professional Services	\$1,173,000	\$1,013,900	-\$159,100	-13.6%
Benefit Processing	\$128,000	\$129,800	\$1,800	1.4%
Office Management	\$105,550	\$88,300	-\$17,250	-16.3%
Due Diligence/Education	\$55,500	\$33,700	-\$21,800	-39.3%
TOTAL	\$26,246,050	\$28,397,700	\$2,151,650	8.2%

The Executive recommends a \$2.15 million increase in funding for ERS management, primarily resulting from a \$2.38 million increase in investment management fees. Investment management fees are based on investment return assumptions for asset growth and include custodian bank, investment managers and consultant/financial advisor fees. As ERS returns on investment exceed the actuarial assumed return, the funds asset base increased more than projected, thus raising investment management fees.

B. Retirement Savings Plan

The Retirement Savings Plan (RSP) is a defined contribution plan providing benefits to non-public safety employees, and certain public safety employees, hired after 1994. The County Government contributes a defined percentage of salary to RSP participants’ retirement savings accounts. Employees also contribute to their RSP account and self-manage investment choices. The BIT also provides investment education sessions for RSP participants. The table below shows FY21 approved and FY22 recommended RSP administrative and operating expenses.

Retirement Savings Plan Administrative and Operating Expenses

	FY21 Approved	FY22 Recommended	\$ Amount Change FY21 to FY22	Percent Change FY21 to FY22
Investment Management	\$5,800	\$6,000	\$200	3.4%
Salaries and Benefits	\$217,000	\$213,000	-\$4,000	-1.8%
Professional Services	\$85,700	\$66,700	-\$19,000	-22.2%
Office Management	\$9,600	\$7,300	-\$2,300	-24.0%
Due Diligence/Education	\$3,600	\$2,800	-\$800	-22.2%
TOTAL	\$321,700	\$295,800	-\$25,900	-8.1%

The Executive recommends a \$25,900 decrease in funding for RSP management, primarily a result of lower professional services costs.

C. Deferred Compensation Plan

County Government employees, if eligible, may elect to participate in the Deferred Compensation Plan (DCP) created pursuant to Section 457 of the Internal Revenue Code. The DCP is a voluntary deferred compensation plan that allows employees to make tax-deferred contributions into a retirement savings account. Employees self-manage DCP investment choices. The BIT contracts with a record keeper who administers the mutual and commingled fund options selected by the Board and offered to DCP participants. The table below shows FY21 approved and FY22 recommended DCP administrative and operating expenses.

Deferred Compensation Plan Administrative and Operating Expenses

	FY21 Approved	FY22 Recommended	\$ Amount Change FY21 to FY22	Percent Change FY21 to FY22
Investment Management	\$5,800	\$6,000	\$200	3.4%
Salaries and Benefits	\$191,000	\$187,000	-\$4,000	-2.1%
Professional Services	\$63,700	\$52,300	-\$11,400	-17.9%
Office Management	\$9,600	\$8,000	-\$1,600	-16.7%
Due Diligence/Education	\$3,600	\$2,800	-\$800	-22.2%
TOTAL	\$273,700	\$256,100	-\$17,600	-6.4%

The Executive recommends a \$17,600 decrease in funding for DCP management, primarily a result of lower professional services costs.

D. Consolidated Retiree Health Benefits Trust Fund

The County has established a Consolidated Retiree Health Benefits Trust (CRHBT) to set aside funds for retiree health benefits, similar to the County’s practice of prefunding for retiree pension benefits. The Office of Human Resources is responsible for the administration of the Trust Fund, and the BIT is responsible for investing the Fund assets with the goal of managing risk exposure while maximizing asset growth. The table below shows FY21 approved and FY22 recommended Trust Fund administrative and operating expenses.

Consolidated Retiree Health Benefits Trust Fund Administrative and Operating Expenses

	FY21 Approved	FY22 Recommended	\$ Amount Change FY21 to FY22	Percent Change FY21 to FY22
Investment Management	\$5,627,000	\$7,088,250	\$1,461,250	26.0%
Salaries and Benefits	\$539,000	\$526,000	-\$13,000	-2.4%
Professional Services	\$209,200	\$174,042	-\$35,158	-16.8%
Office Management	\$17,000	\$14,600	-\$2,400	-14.1%
Due Diligence/Education	\$40,000	\$27,000	-\$13,000	-32.5%
TOTAL	\$6,432,200	\$7,829,892	\$1,397,692	21.7%

The Executive recommends a \$1.38 million increase in funding for CRHBT management, primarily resulting from a \$1.46 million increase in investment management fees. Investment management fees are based on investment return assumptions for asset growth and include custodian bank, investment managers and consultant/financial advisor fees. As CRHBT returns on investment exceed the actuarial assumed return, the funds asset base increased more than projected, thus raising investment management fees.

10. AGENCY ANALYSIS OF PERSONNEL MANAGEMENT

Each agency compiles an annual report on its workforce containing data that are generally comparable to the information provided in the County Government’s Personnel Management Review. Material of this kind is a valuable adjunct to the agency personnel information that comes from budget documents and Council staff data requests. Agency staff have worked hard to assemble these displays of personnel information, and their efforts are appreciated. The most recent agency reports are available online and summarized below.

- [Montgomery County Government – Personnel Management Review](#)
- [Montgomery County Public Schools – Staff Statistical Profile](#)
- [Montgomery College – Personnel Profile](#)
- [M-NCPPC – Personnel Management Review](#)
- [WSSC – Human Resources Management Review](#)

Summary of Agency Personnel Management Data

Workforce Characteristics	County Government	MCPS	Montgomery College	M-NCPPC (Montgomery)	WSSC (Bi-County)
Reporting Period	CY 2019	FY 2021	CY 2019	FY 2020	CY 2020
Permanent Employees	9,381	24,589	1,825	858	1,684
Average Annual Salary	\$82,258 (overall weighted avg.)	<u>Administrators</u> \$138,456 <u>Teachers (10-Mo.)</u> \$83,655 <u>Support Staff</u> \$46,810	Not included	\$77,320*	\$88,545
Gender					
% Male	60%	26%	44%	68%	71%
% Female	40%	74%	56%	32%	29%
Race/Ethnicity:					
% White	48%	56%	47%	67%	37%
% Black/Af. American	27%	18%	29%	18%	48%
% Hispanic/Latino	11%	15%	10%	8%	6%
% Asian	7%	9%	13%	6%	6%
% Other	7%	2%	1%	1%	3%
Turnover Rate	7.1%	5.8%	6.2%	7.5%*	6.7%

*Bi-County data

11. SUMMARY OF COMPENSATION CHANGES AND STAFF RECOMMENDATIONS

Highlights and key components of compensation changes in the Executive's Recommended FY22 operating budget are summarized below, followed by Council staff recommendations in four areas. The costs associated with each provision are shown on page 6.

- The Executive's recommended FY22 Operating Budget includes compensation increases for County Government employees in addition to funding the annualized costs of the FY21 compensation increases. The total cost of all compensation adjustments exceeds projected revenue growth both in FY22 and over the six-year planning horizon.
- General wage adjustments (GWA) vary by employee group. Most of the GWAs take effect at the end of the fiscal year, resulting in a total cost that is relatively low in FY22 but much higher in FY23.
- MCGEEO and non-represented employee would receive a flat \$1,684 GWA increase instead of a percent of pay. This approach differs from the County's long-standing practice of providing GWAs as a percent of pay for all employees.
- Service increments of 3.5% are included for all eligible employees not at top of grade (effective on the employee's anniversary date). Two additional provisions for MCGEEO employees include: 1) a past-year service increment of 1.25% is for members who were employed by the County Government in FY11 and did not receive a service increment that year; and 2) a \$600 lump sum payment for all members not eligible for a service increment in FY22.
- The Executive recommends new sick leave payout programs for IAFF and MCGEEO/non-represented employees. This is a significant change in County policy, which currently does not provide any sick leave payouts upon separation from service.
- The IAFF agreement includes a new sick leave pension credit, but the Executive has yet to submit the legislation, fiscal impact, or actuarial valuation to implement the credit. The IAFF agreement also requires the Executive to submit a supplemental appropriation if the future consumer price index is higher than the agreed upon 1.5% GWA.
- The Executive includes funding for an 80/20 group insurance cost share split for FOP and IAFF, which the Council has rejected in favor of a 75/25 split each year since FY11.

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

A. FY22 Pay and Benefit Adjustments (see pages 2-8 and 11-12)

The Executive has recommended County Government employee pay and benefit costs that can be funded by available FY22 revenues. Nonetheless, the recommended compensation package does present long-term sustainability challenges. The Council's approved compensation sustainability policy states that the annual growth rate of total compensations costs should be similar to the growth rate of tax supported revenues.

Tax supported compensation costs in the Executive's recommended FY22 budget grow by 3.2%. In contrast, the Executive's budget projects that tax-supported revenues will grow by 0.8% in FY22 and at an average annual growth rate of 2.4% from FY22-FY27. If compensation continues to grow at rates that exceed revenue growth over the long term, it may create budget gaps that need to be filled by reducing other expenditures or creating additional revenues.

Decisions on compensation provisions in the negotiated agreements for County Government employees will be made as part of the Council's action on the collective bargaining agreements. Decisions on pay and benefit adjustments for non-represented employees are separate from the collective bargaining decisions. Historically, the Council has supported equity in pay and benefit adjustments for non-represented employees with other employee groups when final budget decisions are made. Final decisions on pay and benefit adjustments for other County agencies will be made by their respective governing bodies.

Council staff has three recommendations for Council consideration:

- **In conjunction with the ongoing review and update of fiscal policies, review current policies and practices that impact long-term compensation cost sustainability.** As discussed previously, assessing the long-term fiscal sustainability of compensation costs requires an examination of both the revenue and expenditure sides of the equation. On the revenue side, the Council already plans to review and enhance revenue projections and continue efforts to expand economic development opportunities. On the expenditure side, this review could include topics such as the size of the workforce, when during the fiscal year compensation adjustments take effect, and the structure of wage adjustments for both represented and non-represented employees. For example, the Council could consider whether general wage adjustments for County Government employees should always take effect at the beginning of the fiscal year as is done in other agencies. The goal of these efforts are to help the County continue to provide pay and benefits needed to attract and retain a first-class workforce, while at the same time ensuring that salary and benefit levels remain viable even in times of fiscal uncertainty.
- **Revisit benefit plans, costs, and funding across all County-funded agencies.** The Council has already requested that Council and Executive Branch staff return to its pre-pandemic work of updating OPEB policies. In addition, the Council could resume its conversation with MCPS about benefit provisions – most notably, employee health insurance cost share and the supplemental pension – that are not commensurate with benefits offered by other County agencies and may deserve re-examination in the context of the Kirwan legislation.
- **As part of the Council's annual budget resolutions, indicate that current compensation budget decisions are limited to those Executive recommendations that are in their final form at this time.** The Council should retain its right and obligation to review and make decisions at a future date about collective bargaining agreement provisions that are not yet fully developed or that are conditional upon uncertain future events. Specifically, the budget resolution should state that the Council has yet to consider or act on provisions in the IAFF agreement regarding future legislation to modify pension benefits or wage adjustments that are contingent upon future variations in the consumer price index. Additionally, the budget resolution should state that any provision of emergency pay differential pay in FY22 requires approval of the Council via a supplemental appropriation.

B. FY22 Group Insurance (see pages 13-18)

- Support the agencies' FY22 tax supported requests for active employee costs (excluding the cost share for FOP and IAFF employees in County Government, which is addressed in section D below).
- Support the agencies' FY22 tax supported pay-as-you-go requests for retired employee costs.
- Support the Executive's recommended FY22 OPEB pre-funding.
- Support the recommended FY22 projection for County Government's Employee Health Benefits Self Insurance Fund.
- Encourage MCPS to take further efforts to move toward aligning the group insurance premium cost share for active employees with the cost share established by County Government.

C. FY22 Allocations for Retirement (see pages 9-11 and 19-21)

- Approve the recommended total FY22 County contributions for the County Government Employee Retirement System, Retirement Savings Plan, Guaranteed Retirement Income Plan.
- Approve the recommended FY22 administrative and operating budgets of the Employee Retirement System, Retirement Savings Plan, Guaranteed Retirement Income Plan, Deferred Compensation Plan, and Consolidated Retiree Health Benefits Trust.
- Continue to monitor the funded ratio of the agencies' pension funds.
- Encourage MCPS to achieve savings in retirement costs, as set forth in OLO Memorandum Report 2016-5, MCPS Local Pension Plan and Supplement.

D. FY22 County Government Compensation-Related NDAs (see pages 18-19)

- Approve the Executive's recommended funding for the OPEB pre-funding, Group Insurance for Retirees, Montgomery County Employee Retirement Plans, State Positions Supplement, and State Retirement Contribution NDAs.
- Approve the Executive's recommended funding for the Compensation and Employee Benefits Adjustments NDA, except for the \$1,463,487 included for changes in the group insurance cost share for IAFF and FOP employees. The Council will act on that item as part of its decisions on the collective bargaining agreements. If the Council reaffirms the same 75/25 cost share split for all employees as it has since FY11, it will reduce this NDA by \$1,463,487.



Workforce/Compensation

SUMMARY OF FY22 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY22, as recommended by the Board of Education (BOE), is 23,636.606 FTEs, or 240.116 FTEs greater than the Board of Education adopted FY21 workforce of 23,396.490 FTEs. MCPS has undertaken informal discussions with the public schools' bargaining units, the Service Employees International Union (SEIU), the Montgomery County Education Association (MCEA), the Montgomery County Association of Administrators and Personnel (MCAAP), and the Montgomery County Business and Operations Administrators (MCBOA). The potential impact on the FY22 budget is unknown. For more information on compensation and workforce changes, please see the Board of Education's FY22 requested budget document.

Montgomery College (MC): The College and its Board of Trustees has proposed a maintenance of effort budget that continues its current staff complement. The FY22 Current Fund decrease in personnel costs of roughly \$2.2 million maintains wages at a fair, reasonable, and sustainable level but achieves cost savings through cautionary hiring and compensation practices, employee retirements, and reductions in temporary student assistance. Negotiations with the bargaining units are ongoing, however, and merit and general wage adjustment increases are not known at the time of this publication. For more information on compensation and workforce changes, please consult the Adopted FY22 Montgomery College Operating Budget Request, available on the College's website.

Maryland-National Capital Park & Planning Commission (M-NCPPC): The net impact on the M-NCPPC workforce for FY22, as recommended by the Planning Board, is an increase of 18.01 FTEs. The Commission's requested budget includes an increase in personnel costs of \$5.1 million. The increase also includes retirement and group insurance adjustments, a compensation placeholder (to address collectively bargained compensation increases and pass-through costs) and a reclassification placeholder. For more information on compensation and workforce changes, please see the M-NCPPC FY22 requested budget document.

Montgomery County Government (MCG): The net impact on the County government workforce for FY22, as recommended by the Executive, is an increase of 83 positions.

The recommended budget contains an increase in total personnel costs of \$36.6 million, or 3.2 percent. In March 2021, the County Council approved a supplemental appropriation to provide compensation adjustments in FY21 not included in the original FY21 approved budget; these increases accounted for \$28.1 million, or 2.4 percent, which is more than 75 percent of the total FY22 increase. The increase in FY22 related only to FY22 compensation adjustments totaled \$16.8 million, or 1.5 percent. The primary factors in these changes are:

Factor	Millions
General Wage Adjustment	\$2.0
Increase in required retirement contribution	\$0.8
Increase in group insurance	\$3.0
Service increments and longevity	\$8.0

FY21 Compensation Adjustments approved March 2021	\$28.1
Other FY22 Compensation Adjustments	\$6.8
New positions in FY22	\$8.1
Position eliminations in FY22	-\$4.9
Other changes in personnel costs, including turnover savings and annualization of positions	-\$15.2

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

B. COUNTY GOVERNMENT SALARY AND WAGES

General Wage Adjustment: The Executive recommends the following general wage adjustments (GWA) in FY22: 2.5 percent effective the first full pay period after January 1, 2022 for all employees in the Police bargaining unit; 1.5 percent effective the first full pay period after June 19, 2022 for all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed management; \$1,684 effective the first full pay period after June 19, 2022 for all employees in the Office, Professional, and Technical (OPT), and Service, Labor, and Trades (SLT) units, as well all employees on the Deputy Sheriffs and Correctional Officers Uniform Salary Schedules, and all non-represented employees, including Management Leadership Service (MLS) and Police Leadership Service (PLS) employees.

FY22 salary schedules can be found on the County's website at:
<http://www.montgomerycountymd.gov/HR/compensation/Compensation.html>.

Lump-Sum Payments: The Executive recommends a lump-sum bonus payment of \$600 for employees in the OPT and SLT units, as well as on the Deputy Sheriffs and Correctional Officers schedules, who are not eligible for a service increment in FY22.

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

Longevity Increments: The Executive recommends longevity increments in FY22 for all eligible employees.

Performance-Based Pay: The Executive recommends \$3,000,000 in the Compensation Adjustment and Employee Benefits NDA to fund performance-based pay increases for MLS and PLS employees.

C. COUNTY GOVERNMENT: EMPLOYEE BENEFITS

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

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

Social Security and Medicare: Contributions are collected from County departments and agencies each payday based on actual payroll. Since contribution rates and salary maximums change at the start of the calendar year, figures used in the recommended fiscal year budget represent an average of the rates set for 2021 and projected changes for 2022. The employer rates of 6.2 percent for social security and 1.45 percent for Medicare are not expected to change.

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

Group Insurance Benefits : The contributions for health insurance are based on an actuarially determined Countywide average fixed rate of \$13,295 per position, and the contribution for life insurance is based on fixed rates per coverage amounts based on an employee's salary.

It is projected for the long term that the annual cost of group insurance for the County, including active employees and retirees, could increase an average of approximately seven percent annually between FY22 and FY27. Contribution rates during this period will be set based on various factors, including the fund balance in the Health Insurance Fund and claims cost experience.

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

County agencies develop current estimates of the costs of health benefits for current and future retirees. These estimates, made by actuarial consultants, concluded that the County's total future cost of retiree health benefits if paid out today, and in today's dollars, is \$2.1 billion - approximately 32.8 percent of the total FY22 budget for all agencies.

Proposed FY22 Consolidated Retiree Health Benefits Trust Contributions	
Montgomery County Government (MCG)	<u>FY22</u>
<i>General Fund:</i>	
Retiree Health Benefits Trust NDA	\$10,829,980
<i>Proprietary Funds:</i>	
Bethesda Parking District	\$35,510
Wheaton Parking District	3,670
Silver Spring Parking District	25,720
Solid Waste Collection	4,900
Solid Waste Disposal	95,520
Alcohol Beverage Services	538,810
Permitting Services	295,120
Community Use of Public Facilities	37,960
Motor Pool	254,710
Risk Management	13,470
Central Duplicating	41,630
<i>Participating Agency Contributions</i>	\$346,000
Total MCG Trust Contributions	\$12,523,000
Consolidated Trust: Montgomery County Public Schools	\$73,048,269

The County's approach to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits and any accrued interest on unfunded liability. This amount, known as an Actuarially Determined Contribution or "ADC", is estimated at \$79.7 million. This amount normally consists of two pieces - the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County's policy is to pay the full amount of

Consolidated Trust: Montgomery College	\$5,608,000	ADC each year. In FY11, the County Council enacted Bill 17-11 which established the Consolidated Retiree Health Benefits Trust. The Bill amended existing law and provided a funding mechanism to pay for other post employment benefits (OPEB) for employees of MCPS and MC. In FY15, the County and all other
Park and Planning Commission Trust Fund*	\$2,797,490	
Total Contributions/Assets Held in Trust	\$93,976,759	
* MNCPPC's contribution from tax supported funds is \$2,667,809.		

agencies implemented the Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This has reduced retiree drug insurance costs and the County's OPEB liability. The County achieved full pre-funding in FY15, consistent with Council resolution No. 16-555. In FY21, these contributions were budgeted at \$12.3 million (County General Fund), \$69.4 million (MCPS Consolidated Trust), and \$5.5 million (MC Consolidated Trust).

A detailed breakdown of FY22 recommended contributions to the Consolidated Retiree Health Benefit Trust for County government tax supported agencies, participating agencies, MCPS, and MC is displayed in the table above. The Executive is recommending that the Retiree Health Benefits Trust provide \$27.2 million to MCPS for the payment of retiree health insurance claims in FY22.

Retirement Benefits: Montgomery County Government maintains a system of retirement pay and benefits for its employees which are intended to provide income during their retirement years. The Employees' Retirement System, which currently provides benefits to approximately 6,783 retirees and survivors, is administered by Montgomery County Employee Retirement Plans (MCERP). MCERP oversees all facets of the retirement plans including investments, administration, and accounting. Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated with MCERP in consultation with the Office of Human Resources, the County's actuaries, the Finance Department, and the Office of Management and Budget.

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

1. The Employees' Retirement System (ERS), a defined benefit pension plan, was established through legislation in 1965 and is described in the Montgomery County Code, Section 33. As of June 30, 2020, there were 6,783 retirees and survivors and 6,204 active members, including 2,521 in the Guaranteed Retirement Income Plan (GRIP). Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated by the MCERP staff, in consultation with the County's actuaries, the Office of Human Resources, the Finance Department, and the Office of Management and Budget.

The ERS consists of four plans including a Mandatory Integrated Retirement Plan, an Optional Non-Integrated Retirement Plan, an Optional Integrated Plan, and a Guaranteed Retirement Income Plan. The GRIP is a Cash Balance Plan that began in FY10 as a result of negotiations between Montgomery County and UFCW Local 1994 MCGEO. Eligibility to participate has been passed through to non-represented employees and participants of participating agencies. All full- and part-time non-public safety employees hired before January 1, 2009 enrolled in the RSP were eligible to make a one-time irrevocable election to transfer to the GRIP by June 1, 2009. Eligible employees hired after January 1, 2009, have the option to participate in either the RSP or the GRIP. As with the RSP, the County and employee each make contributions at a set percentage of pay. The salient feature of the GRIP is that the plan provides guaranteed annual earnings of 7.25%, credited monthly.

2. The Retirement Savings Plan (RSP), a defined contribution plan, was established for all new OPT/SLT (non-public safety) and non-represented employees hired on or after October 1, 1994. Eligible employees hired after January 1, 2009, have the option to participate in either the RSP or the GRIP. Eligible employees in the ERS are allowed to transfer to the Retirement Savings Plan. Both regular full-time and part-time employees can participate. Under this plan, the County and employee each make contributions at a set percentage of pay. These monies are deposited into

employee accounts and invested based on each employee's selection of an investment vehicle(s) established by the Board of Investment Trustees.

3. The Montgomery County Deferred Compensation Plan (DCP) was established by the County to make a deferred compensation plan available pursuant to Section 457 of the Internal Revenue Code. Employee contributions are made on a voluntary basis with the monies deposited into employee accounts and invested based on each employee's selection of an investment vehicle(s) established by the Board of Investment Trustees. In FY 2005, the County established the Montgomery County Union Employees Deferred Compensation Plan for employees covered by a collective bargaining agreement. This Plan is administered by the three unions representing Montgomery County employees.

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

Change in Retirement System Membership: The number of active non-public safety in the ERS decreased by 95 and the number of public safety employees increased by 29, for a combined total active enrollment of 3,683 in FY21. GRIP membership increased by 201 employees, to 2,521 in FY21. The RSP had 52 fewer active employees enrolled in FY21 than in FY20, for a total FY21 enrollment of 3,328.

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

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

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

COLLECTIVE BARGAINING

Fire and Rescue Bargaining Unit: The current agreement became effective July 1, 2020, and expires on June 30, 2022. A limited scope reopener agreement will become effective July 1, 2021 and expire on June 30, 2022. The agreement's salient economic terms include:

- General Wage Adjustment. A 1.5 percent GWA will be paid the pay period starting June 19, 2022.
- Service Increments. A service increment of 3.5 percent will be paid in FY22 up to the maximum base salary for the grade for eligible unit members.

-
- Longevity step increases. Longevity step increases will be paid to eligible employees.
 - Sick Leave Crediting. An adjustment to allow accumulated sick leave to be credited to employee's deferred compensation account, up to 176 hours, upon exiting the Deferred Retirement Option Plan.

MCGEO Bargaining Unit: The current agreement became effective July 1, 2020, and expires on June 30, 2023. A limited scope reopener agreement will become effective July 1, 2021 and expire on June 30, 2023. The original agreement's salient economic terms include:

- Sick leave payout program. A sick leave payout program will be created in FY22 for eligible unit members leaving County service with at least 10 years of service.
- Resident Supervisors. Eligible unit members in the Resident Supervisors job classification in the Department of Correction and Rehabilitation will be moved from Group J retirement to Group E retirement.
- Holiday Pay. An adjustment of the requirements to receive holiday pay from "normal" day to "work" day.
- Shift Differential. An adjustment to the shift start time and amount of the shift differential from \$1.40 per hour for shift starts between 2:00PM and 10:59PM, and \$1.56 per hour for shift starts between 11:00PM and 5:00AM to \$1.42 per hour for shift starts between 12:00PM and 7:59PM, and \$1.87 per hour for shift starts between 8:00PM and 5:59AM.
- Field Training Pay Differential. An addition in the job classifications eligible for field training pay differential.
- Transit Subsidy. An increase in the Get-In Program transit subsidy from \$75 per month to up to \$265 per month.
- Crisis Center Stipend. A stipend of \$1,500 will be paid in FY22 to eligible unit members in the Health and Human Services Crisis Center.

The limited scope reopener agreement's salient economic terms include:

- General Wage Adjustment. A \$1,684 GWA will be paid the pay period starting June 19, 2022.
- Service Increments. A service increment of 3.5 percent will be paid in FY22 up to the maximum base salary for the grade for eligible unit members.
- Deferred Service Increment. A service increment of 3.5 percent for any eligible bargaining unit member who was scheduled to receive a service increment in FY11, but which was not funded by the County Council, was split into three phases; the second phase of 1.25 percent will be paid in FY22 to eligible unit members the first full pay period following July 1, 2021.
- Longevity step increases. Longevity step increases will be paid to eligible employees.
- Lump sum payment. A \$600 lump sum payment for eligible unit members who are not eligible for a service increment in FY22 will be paid the first full pay period following July 1, 2021.
- Seasonal Wage Adjustment. A \$0.50 an hour adjustment will be provided effective the first full pay period after July 1, 2021 for seasonal employees not affected by the County minimum wage increase.
- Stand By Pay. An increase in the stand by pay rate for Fire Marshals only from 15 percent of regular hourly salary to 30 percent, or 50 percent on Saturday through Sunday and holidays.

Police Bargaining Unit: The current agreement became effective July 1, 2020, and expires on June 30, 2023. A limited scope reopener agreement will become effective July 1, 2021 and expire on June 30, 2023. The agreement's salient economic terms include:

- General Wage Adjustment. A 2.5 percent GWA will be paid the first full pay period following January 1, 2022.
- Service Increments. A service increment of 3.5 percent will be paid in FY21 up to the maximum base salary for the grade for eligible unit members.
- Longevity step increases. A longevity step increase will be paid to eligible employees.

Volunteer Fire and Rescue Bargaining Unit: The current agreement became effective on July 1, 2020, and expires on June 30, 2023. The agreement's salient economic terms include:

- Nominal fee. A nominal fee increase will be paid in FY22. The nominal fee for eligible volunteers increases in July 2021 to \$525 and to \$900, depending on level of service.
- Association funding. Funding for the Association will increase to \$281,178 on July 1, 2021.
- Training. Funding in the amount of \$21,000 will be provided for Volunteer Basic Orientation Course training, and \$15,000 will be provided for training and Pro-Board certification.
- Length of Service Award Program (LOSAP). An increase in LOSAP of 2.5 percent will be made for certain active members, on July 1, 2021.

WORKFORCE ANALYSIS

Basis: Workforce analysis has been performed on changes to tax supported and non-tax supported full-time equivalent (FTE) positions in the Executive's Recommended FY22 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY21, which began on July 1, 2020. Changes shown reflect such factors as the addition of grant-funded positions; abolishments and creations to implement approved job sharing agreements; and other miscellaneous changes. Changes recommended by the Executive for FY22 are in three categories: current year position changes due to supplemental appropriations or other actions; new fiscal year position changes scheduled to take effect July 1, 2021; and technical changes.

Summary: The recommended budget includes funding for 9,829 full-time positions, a net increase of 96 from the approved FY21 Personnel Complement of 9,733 full-time positions. Funding for 986 part-time positions is also included, a net decrease of 13 positions from the approved FY21 Personnel Complement of 999 positions. FTEs increased by 79.2 to 10,598.1.

MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY					
COUNTY EXECUTIVE RECOMMENDED: FY22					
	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
FY21 APPROVED COMPLEMENT	9,733	999	8,632.7	1,886.2	10,518.9
FY22 RECOMMENDED COMPLEMENT	9,829	986	8,701.7	1,896.5	10,598.1
CHANGE IN WORKFORCE (GROSS)	96	(13)	68.9	10.3	79.2
Percentage Change	1.0%	(1.3%)	0.8%	0.5%	0.8%

Detailed below are the significant net changes in the number of positions in the FY22 Recommended Budget.

Workforce Changes	Position Change
Health and Human Services - Change is related to the conversion of contractual brokers to merit staff, additional therapist staff, staff to enhance support to several programs, staff to address the implementation of Kirwan, and staff to support the implementation of the Mobile Health Clinic.	61

Community Engagement Cluster - Change is due to the establishment of multicultural/multilingual communication efforts, and the conversion of temporary support to merit staff. 17

Fire and Rescue Service - Change is due to positions added to reduce the need for overtime while firefighter/rescuers are engaged in full-time paramedic training, and other operational improvements. 11

Police - Change is due to the reallocation of positions to better utilize available resources and improve service delivery. -29

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2020					2021					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	%Dif
Carefirst POS	1,211	1,067	1,863	4,141	46.1%	1,296	1,011	1,847	4,154	46.2%	85	(56)	(16)	13	0.1%
Carefirst POS Std	421	210	361	992	11.0%	450	206	398	1,054	11.7%	29	(4)	37	62	0.7%
Kaiser	836	418	607	1,861	20.7%	841	410	605	1,856	20.6%	5	(8)	(2)	(5)	-0.1%
United Healthcare	693	434	865	1,992	22.2%	681	425	829	1,935	21.5%	(12)	(9)	(36)	(57)	-0.7%
Grand Total				8,986					8,999					13	

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES						
Employee Retirement System Plans	Number	Fiscal 2021	Number	Fiscal 2022	Number	Contribution
	Employees (7/1/19)	Contribution Rate %	Employees (7/1/20)	Contribution Rate %	Employees (7/19 v. 7/20)	Rate (7/19 v. 7/20)
Public Safety	2,840	18.17%	2,869	18.34%	29	0.17%
Non-Public Safety	909	21.28%	814	14.41%	(95)	-6.87%
Guaranteed Retirement Income Plan	2,254	6.10%	2,521	6.29%	267	0.19%
Total ERS System Plans	6,003		6,204		201	
Retirement Savings Plan	3,380	8.00%	3,328	8.00%	(52)	0.00%

Source: Montgomery County Employees' Retirement System, 2019 and 2020 Actuarial Valuation Reports for Plan Years Beginning July 1, 2019, and July 1, 2020, respectively. RSP data provided by the Montgomery County Employee Retirement Plans.
 Note: Group J participants (136 as of 7/1/20) identified in "Non-Public Safety" ERS totals beginning in FY21 data; these totals were previously in the "Public Safety" count.

PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT							
ITEM	FY20 APPR	FY20 ACT	FY21 APPR	FY21 EST	FY22 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	173,000	153,588	191,000	168,000	187,000	(4,000)	(2.1%)
Professional Services	6,200	9,178	63,700	37,200	52,300	(11,400)	(17.9%)
Due Diligence/Education	3,600	145	3,600	1,000	2,800	(800)	(22.2%)
Office Management	10,000	4,728	9,600	7,300	8,000	(1,600)	(16.7%)
Investment Management fees	5,000	8,279	5,800	5,800	6,000	200	3.4%
TOTAL EXPENSES	\$197,800	\$175,917	\$273,700	\$219,300	\$256,100	(\$17,600)	(6.4%)

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

PROPOSED OPERATING BUDGET RETIREE HEALTH BENEFIT TRUST							
ITEM	FY20 APPR	FY20 ACT	FY21 APPR	FY21 EST	FY22 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	410,000	408,718	539,000	498,400	526,000	(13,000)	(2.4%)
Professional Services	136,000	207,677	209,200	88,100	174,042	(35,158)	(16.8%)
Due Diligence/Education	40,000	14,206	40,000	12,500	27,000	(13,000)	(32.5%)
Office Management	17,500	17,484	17,000	16,400	14,600	(2,400)	(14.1%)
Investment Management fees	5,864,000	4,845,772	5,627,000	6,635,000	7,088,250	1,461,250	26.0%
TOTAL EXPENSES	\$6,467,500	\$5,493,856	\$6,432,200	\$7,250,400	\$7,829,892	\$1,397,692	21.7%

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM							
ITEM	FY20 APPR	FY20 ACT	FY21 APPR	FY21 EST	FY22 REC	FY22 Req vs FY21 Appr	
						\$	%
REVENUE							
Contributions	108,200,000	117,979,768	91,900,000	91,900,000	91,500,000	(400,000)	(0.4%)
Investment Income	331,000,000	191,277,121	337,600,000	313,000,000	322,000,000	(15,600,000)	(4.6%)
Miscellaneous Income	1,470,000	1,321,533	1,058,000	1,000,000	1,050,000	(8,000)	(0.8%)
TOTAL REVENUE	\$ 440,670,000	\$ 310,578,422	\$ 430,558,000	\$ 405,900,000	\$ 414,550,000	(16,008,000)	(3.7%)
EXPENSES							
OPERATING EXPENSES							
Retirement Benefits	260,200,000	271,423,411	280,170,000	273,480,000	285,420,000	5,250,000	1.9%
Investment Management fees	25,200,000	19,230,564	22,200,000	23,330,000	24,582,000	2,382,000	10.7%
SUBTOTAL	285,400,000	290,653,975	302,370,000	296,810,000	310,002,000	7,632,000	2.5%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	2,424,000	2,054,294	2,584,000	2,166,300	2,550,000	(34,000)	(1.3%)
Professional Services	1,108,500	848,300	1,173,000	942,100	1,013,900	(159,100)	(13.6%)
Benefit Processing	125,000	125,384	128,000	128,800	129,800	1,800	1.4%
Due Diligence/Education	55,500	15,769	55,500	15,200	33,700	(21,800)	(39.3%)
Office Management	105,500	103,377	105,500	89,800	88,300	(17,200)	(16.3%)
SUBTOTAL	3,818,500	3,147,124	4,046,000	3,342,200	3,815,700	(230,300)	(5.7%)
TOTAL EXPENSES	\$289,218,500	\$293,801,099	\$306,416,000	\$300,152,200	\$313,817,700	7,401,700	2.4%
NET REVENUE	\$151,451,500	\$16,777,323	\$124,142,000	\$105,747,800	\$100,732,300	(23,409,700)	(18.9%)

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN							
ITEM	FY20 APPR	FY20 ACT	FY21 APPR	FY21 EST	FY22 REC	Change:	
						FY22 Req vs FY21 Appr	
						\$	%
REVENUE							
Investment Income	11,200	4,815	3,100	3,000	5,000	1,900	61.3%
Miscellaneous Income	200,000	155,105	132,000	204,700	150,000	18,000	13.6%
TOTAL REVENUE	211,200	159,920	135,100	207,700	155,000	19,900	14.7%
EXPENSES							
OPERATING EXPENSES							
Investment Management fees	5,000	8,279	5,800	5,800	6,000	200	3.4%
SUBTOTAL	5,000	8,279	5,800	5,800	6,000	200	3.4%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	198,000	195,774	217,000	194,600	213,000	(4,000)	(1.8%)
Professional Services	89,700	56,928	85,700	51,300	66,700	(19,000)	(22.2%)
Due Diligence/Education	3,600	145	3,600	1,000	2,800	(800)	(22.2%)
Office Management	10,000	4,397	9,600	7,300	7,300	(2,300)	(24.0%)
SUBTOTAL	301,300	257,244	315,900	254,200	289,800	(26,100)	(8.3%)
TOTAL EXPENSES	\$306,300	\$265,523	\$321,700	\$260,000	\$295,800	(25,900)	(8.1%)

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY22</u>	<u>Annual Cost Beyond FY22</u>	<u>Estimated # affected***</u>
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,176,481	\$1,720,575	663
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$144,797	\$241,031	89
36	Wages	2.5 Percent General Wage Adjustment in January 2022	\$1,435,494	\$2,870,988	1,242
Total			\$2,756,772	\$4,832,594	1,242

Police Uniformed Management Pass-Through Estimates**

<u>Item</u>	<u>Description</u>	<u>FY22</u>	<u>Annual Cost Beyond FY22</u>	<u>Estimated # affected***</u>
Wages	\$1,684 General Wage Adjustment in last pay period of June 2022	\$4,245	\$128,199	55
Total		\$4,245	\$128,199	

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

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

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

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY22</u>	<u>Annual Cost Beyond FY22</u>	<u>Estimated # affected**</u>
19.1	Wages	1.5 Percent General Wage Adjustment in June 2022	\$51,147	\$1,534,410	1,184
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$128,513	\$238,108	81
51	Retirement	Unused Sick Leave to Deferred Compensation	\$239,146	\$239,146	
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$829,756	\$1,604,960	756
Total			\$1,248,562	\$3,616,624	1,184

Fire and Rescue Uniformed Management Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>FY22</u>	<u>Annual Cost Beyond FY22</u>	<u>Estimated # affected**</u>
Wages	1.5 Percent General Wage Adjustment in June 2022	\$2,869	\$86,644	39
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$598	\$857	2
Total		\$3,467	\$87,501	39

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

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

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY22</u>	<u>Annual Cost Beyond FY22</u>	<u>Estimated # affected**</u>
5	Wages	\$1,684 General Wage Adjustment in last pay period of June 2022	\$348,156	\$10,401,161	5,254
5	Wages	\$600 Lump Sum to Eligible Employees not Eligible to Receive a Full Service Increment in FY22	\$1,055,791	\$0	1,700
5.1	Longevity	Longevity Step Increase of 2.5, 3, or 3.5 Percent for Eligible Employees	\$160,963	\$333,099	174
5.3	Shift Differential	Increase Shift Differential from \$1.40 and \$1.56 per hour Based on Shift Start Time to \$1.42 and \$1.87 per hour	\$576,434	\$576,434	
5.7	Stand By Pay	Increase Stand By Pay Rate for Fire Marshals to 30 percent of Regular Hourly Salary, or 50 percent on Saturday through Sunday and holidays.	\$57,247	\$57,247	
5.22	FTO Pay	Increase Classifications Eligible for Field Training Officer Pay	\$19,522	\$19,522	31
5.24	Meal Allowance	Increase in the Meal Allowance to \$15	\$5,000	\$5,000	
5.31	Transit Subsidy	Increase the Get-In Program Transit Subsidy to up to \$265 per month	\$150,000	\$150,000	
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$4,212,458	\$8,007,342	3,554
6	Deferred Increment	Deferred Service Increment from FY11 for Eligible Employees, Second Phase of 1.25% Effective July 2021	\$734,274	\$734,274	917
20.7	Holiday Leave	Adjustment to Requirements to Receive Holiday Pay	\$104,574	\$104,574	
44.11	Retirement	Sick Leave Payout Program for Eligible Employees for \$5,000 or \$10,000 Based on Sick Leave Balance	\$225,000	\$225,000	
Appendix IV	DOCR Appendix	Uniform Allowance and Issue Resident Supervisor Uniforms, and Facilities Improvements	\$49,363	\$37,679	
Appendix IV	DOCR Appendix	Resident Supervisors Moved to Group E Additional Half-Hour per Shift	\$171,634	\$171,634	29
Appendix II	HHS Appendix	Crisis Center Stipend of \$1,500	\$50,057	\$50,057	31
Appendix VI	DOT Appendix	Increase Boot Reimbursement from \$145 to \$200 for Highways Services Employees	\$13,750	\$13,750	
53	Seasonal Employees	Additional \$0.50 for Eligible Seasonal Employees	\$89,288	\$89,288	
Total			\$8,023,511	\$20,976,061	

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

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

Items in shaded rows are part of the original agreement for FY21-FY23

Non-Represented Pass-Through Estimates*

<u>Item</u>	<u>Description</u>	<u>FY22</u>	<u>Annual Cost Beyond FY22</u>	<u>Estimated # affected**</u>
Wages	\$1,684 General Wage Adjustment in last pay period of June 2022	\$128,672	\$3,885,894	1,837
Longevity	Longevity Step Increase of 2 Percent for Eligible Employees	\$39,841	\$71,990	
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,468,174	\$2,823,363	665
Shift Differential	Increase Shift Differential from \$1.40 and \$1.56 per hour Based on Shift Start Time to \$1.42 and \$1.87 per hour	\$52,569	\$52,569	
Retirement	Sick Leave Payout Program for Eligible Employees for \$5,000 or \$10,000 Based on Sick Leave Balance	\$110,000	\$110,000	
Total		\$1,799,256	\$6,943,816	

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

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

Items in shaded rows are part of the original pass-through agreement for FY21-FY23

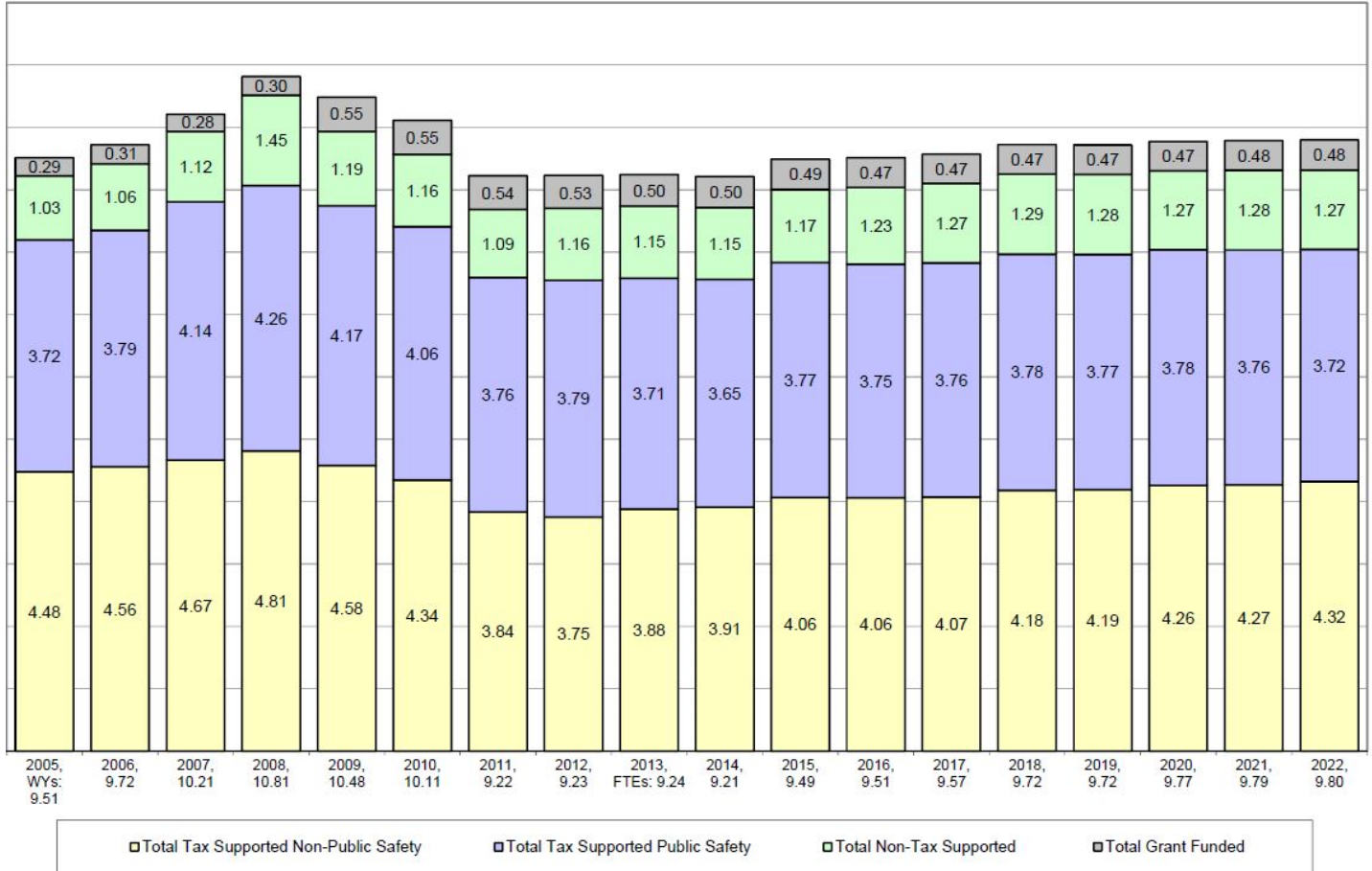
Montgomery County Volunteer Fire and Rescue Association Fiscal Impact Summary*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY22</u>	<u>Annual Cost Beyond FY22</u>
12	Nominal Fee	Nominal fee of \$525/\$900 in FY22**	\$119,935	\$119,935
16	Training	Provide \$10,000 funding for training and \$5,000 for Pro-Board certification	\$15,000	\$15,000
22	Volunteer Basic Orientation	Training fee not to exceed \$21,000 each year of the agreement	\$21,000	\$21,000
25	Length of Service Award Program	Provide 2.5 percent increase for certain active members, on July 1, 2021	\$60,047	\$60,047
Side Letter	Association Operating Funds	Association funding effective July 1 each year of the agreement	\$26,141	\$26,141
Total			\$242,123	\$242,123

* Estimates reflect the impact to all funds.

** Nominal fee paid to eligible volunteers on July 1 of the fiscal year.

**HISTORY OF APPROVED COUNTY GOVERNMENT POSITIONS
PER 1,000 POPULATION BY FUNDING CATEGORY
FY05-FY21 Approved Workyears and FTEs, FY22 Recommended FTEs¹**



¹ From FY05 through FY12, workyears are used; beginning in FY13, full-time equivalent (FTE) positions will be used.

MONTGOMERY COUNTY PRODUCTION REPORT

FY22 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
County General Fund				
General Government				
Board of Appeals	33,003	46,533	25,362	104,898
Board of Elections	270,014	408,732	180,906	859,652
Circuit Court	602,640	1,331,804	596,527	2,530,971
Community Engagement Cluster	249,757	654,717	226,595	1,131,069
County Attorney	317,182	497,963	339,524	1,154,669
County Council	666,379	1,204,136	698,195	2,568,710
County Executive	254,518	429,675	257,276	941,469
Ethics Commission	19,015	26,590	16,435	62,040
Finance	765,600	1,298,402	660,449	2,724,451
General Services	834,249	1,747,453	891,022	3,472,724
Human Resources	330,812	544,897	315,718	1,191,427
Human Rights	85,415	142,922	74,231	302,568
Inspector General	116,636	166,188	96,098	378,922
Intergovernmental Relations	51,950	70,464	56,446	178,860
Labor Relations	72,285	101,629	57,913	231,827
Legislative Oversight	120,925	181,743	133,908	436,576
Management and Budget	344,308	513,995	316,171	1,174,474
Merit System Protection Board	15,180	26,590	10,196	51,966
Procurement	266,692	495,721	231,978	994,391
Public Information	312,604	701,458	300,313	1,314,375
Racial Equity and Social Justice	38,852	73,123	23,773	135,748
State's Attorney	1,025,507	1,973,051	1,103,036	4,101,594
Technology Services	1,380,190	1,977,631	1,408,763	4,766,584
Zoning and Administrative Hearings	34,826	53,180	35,586	123,592
Total General Government	8,208,539	14,668,597	8,056,421	30,933,557
Public Safety				
Animal Services	358,271	914,090	297,580	1,569,941
Consumer Protection	123,246	216,152	145,706	485,104
Correction and Rehabilitation	3,715,276	7,095,557	4,330,101	15,140,934
Emergency Management and Homeland Security	85,094	144,171	82,658	311,923

	Social Security	Group Insurance	Retirement	Total Benefits
Police	13,680,439	26,100,616	16,690,709	56,471,764
Sheriff	1,232,508	2,464,062	1,384,821	5,081,391
Total Public Safety	19,194,834	36,934,648	22,931,575	79,061,057
Transportation				
Transportation	1,336,091	3,312,950	1,255,594	5,904,635
Health and Human Services				
Health and Human Services	8,046,424	17,580,071	7,818,769	33,445,264
Culture and Recreation				
Public Libraries	1,872,676	5,411,201	1,683,117	8,966,994
Housing and Community Development				
Agriculture	38,297	58,499	49,333	146,129
Housing and Community Affairs	415,255	809,062	449,789	1,674,106
Total Housing and Community Developme	453,552	867,561	499,122	1,820,235
Environment				
Environmental Protection	127,620	208,556	129,576	465,752
Other County Functions				
NDA - Climate Change Planning	14,456	29,914	7,559	51,929
NDA - Compensation and Employee Benefit Adjustments	10,954	15,291	9,718	35,963
NDA - Conference Center	7,232	13,295	7,562	28,089
NDA - Early Care and Education	25,220	49,450	39,890	114,560
NDA - Incubator Programs - Economic Development Partnership	28,244	56,504	22,593	107,341
NDA - Independent Audit	3,625	4,387	2,983	10,995
NDA - Legislative Branch Communications Outreach	46,007	93,065	34,654	173,726
NDA - State Positions Supplement	4,318	0	0	4,318
NDA - Vision Zero	7,660	13,295	8,010	28,965
Total Other County Functions	147,716	275,201	132,969	555,886
Total County General Fund	39,387,452	79,258,785	42,507,143	161,153,380
Special Funds - Tax Supported				
Bethesda Urban District	6,531	13,295	6,830	26,656
Economic Development Fund	9,834	13,295	10,284	33,413
Fire	10,594,479	17,218,897	25,615,122	53,428,498
Mass Transit	4,708,175	11,458,965	4,051,540	20,218,680
Recreation	1,702,388	2,096,382	982,311	4,781,081

MONTGOMERY COUNTY PRODUCTION REPORT

FY22 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
Silver Spring Urban District	146,074	486,817	138,192	771,083
Wheaton Urban District	87,486	284,477	83,615	455,578
Total Special Funds - Tax Supported	17,254,967	31,572,128	30,887,894	79,714,989
Total Tax Supported Funds	56,642,419	110,830,913	73,395,037	240,868,369
Special Funds - NonTax Supported				
Cable TV	260,335	408,822	286,465	955,622
Grant Fund	3,343,096	7,801,039	3,423,067	14,567,202
Montgomery Housing Initiative	135,739	234,182	147,907	517,828
Water Quality Protection	575,056	1,069,815	662,038	2,306,909
Total Special Funds - NonTax Supported	4,314,226	9,513,858	4,519,477	18,347,561
Enterprise Funds				
Bethesda Parking	133,585	269,535	144,351	547,471
Community Use of Public Facilities	181,425	367,679	165,236	714,340
Leaf Vacuuming	197,297	426,852	151,076	775,225
Liquor	2,123,637	5,997,981	1,805,104	9,926,722
Permitting Services	1,782,366	3,105,021	1,789,817	6,677,204
Silver Spring Parking	149,302	306,391	164,707	620,400
Solid Waste Collection	93,284	170,324	98,070	361,678
Solid Waste Disposal	658,855	1,263,273	689,060	2,611,188
Wheaton Parking	22,346	45,374	23,609	91,329
Total Enterprise Funds	5,342,097	11,952,430	5,031,030	22,325,557
Total Non Tax Supported Funds	9,656,323	21,466,288	9,550,507	40,673,118
Internal Service Funds				
Central Duplicating (Printing & Mail)	171,813	454,858	157,479	784,150
Employee Health Self Insurance	185,469	322,643	179,930	688,042
Motor Pool	1,464,244	2,732,156	1,346,486	5,542,886
Risk Management (Self Insurance - ISF)	261,213	424,144	282,656	968,013
Total Internal Service Funds	2,082,739	3,933,801	1,966,551	7,983,091
Total Benefits	68,381,481	136,231,002	84,912,095	289,524,578

COUNTY GOVERNMENT TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY21 Approved Budget	MCGEO	IAFF	FOP	Non Represented	TOTAL
Filled positions, tax and non-tax supported	4,835	1,114	1,164	2,268	9,381
Percent of total	51.5%	11.9%	12.4%	24.2%	100.0%
Workyears (bargaining units estimated)	4,449	1,025	1,071	2,087	8,633
Active employees:					
Wages					732,641,180
Social Security					56,345,702
Retirement					75,202,112
Group insurance for active employees					107,773,671
Subtotal	376,437,362	146,029,259	147,483,331	257,139,637	927,089,589
Other					44,873,076
Total compensation for active employees					971,962,665
Retiree benefits: group insurance					
Pay as you go amount					47,106,273
OPEB Contribution					12,255,660
Total compensation for retired employees					59,361,933
Total compensation for active and retired employees					1,031,324,598
Operating budget without debt service					1,671,863,348
Total compensation as % of total operating budget					61.7%
% General Wage Adjustment	0.00%	0.00%	0.00%	0.00%	
Cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0
Cost of other Wage Adjustment	0	0	0	0	0
Cost per 1% General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0
Annualized cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0
Cost per furlough day (wages, social security)					
Cost of increment for employees not at top of grade (wages, social security, retirement)	0	0	0	0	0
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	0	0	0	0	0

Annulized cost of increment for employees not at top of grade (wages, social security, retirement)	0	0	0	0	0
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COUNTY GOVERNMENT TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY22 Request	MCGEO	IAFF	FOP	Non Represented	TOTAL
Filled positions, tax and non-tax supported	5,034	1,175	1,152	2,068	9,429
Percent of total	53.4%	12.5%	12.2%	21.9%	100.0%
Workyears (bargaining units estimated)	4,646	1,084	1,063	1,908	8,702
Active employees:					
Wages					765,321,703
Social Security					56,642,419
Retirement					73,395,037
Group insurance for active employees					110,830,913
Subtotal	377,116,424	148,091,950	146,819,607	256,729,769	928,757,750
Other					77,432,322
Total compensation for active employees					1,006,190,072
Retiree benefits: group insurance					
Pay as you go amount					50,618,652
OPEB Contribution					10,829,980
Total compensation for retired employees					61,448,632
Total compensation for active and retired employees					1,067,638,704
Operating budget without debt service					1,755,355,186
Total compensation as % of total operating budget					60.8%
% General Wage Adjustment	0.08%	0.05%	1.25%	0.05%	
Cost of General Wage Adjustment (wages, social security, retirement)*	249,670	51,060	1,435,494	103,334	1,839,558
Cost of other Wage Adjustment					0
Cost per 1% General Wage Adjustment (wages, social security, retirement)	3,120,876	1,021,191	1,148,395	2,066,683	7,357,145
Annualized cost of General Wage Adjustment (wages, social security, retirement)	7,458,893	1,531,786	2,870,988	3,120,692	14,982,359
Cost per furlough day (wages, social security)					
Cost of increment for employees not at top of grade (wages, social security, retirement)	3,020,843	828,337	1,176,481	1,110,369	6,136,030
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	863,098	236,668	336,137	317,248	1,753,151
Annulized cost of increment for employees not at top of grade (wages, social security, retirement)	5,742,235	1,602,216	1,720,575	2,134,996	11,200,022

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

COUNTY GOVERNMENT TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Amount increase FY21-FY22	MCGEO	IAFF	FOP	Non Represented	TOTAL
Workyears	196	59	(8)	(179)	69
Active employees:					
Wages					32,680,523
Social Security					296,717
Retirement					(1,807,075)
Group insurance for active employees					3,057,242
Subtotal	679,062	2,062,691	(663,724)	(409,868)	1,668,161
Other					32,559,246
Total compensation for active employees	0	0	0	0	34,227,407
Retiree benefits: group insurance					
Pay as you go amount					3,512,379
Phase in of the Annual Required Contribution					(1,425,680)
Total compensation for retired employees					2,086,699
Total compensation for active and retired employees	0	0	0	0	36,314,106

Percent increase FY21-FY22	MCGEO	IAFF	FOP	Non Represented	TOTAL
Workyears	4.41%	5.78%	-0.75%	-8.56%	0.80%
Active employees:					
Wages					4.46%
Social Security					0.53%
Retirement					-2.40%
Group insurance for active employees					2.84%
Subtotal	0.18%	1.41%	-0.45%	-0.16%	0.18%
Other					
Total compensation for active employees					3.52%
Retiree benefits: group insurance					
Pay as you go amount					7.46%
Phase in of the Annual Required Contribution					-11.63%
Total compensation for retired employees					3.52%
Total compensation for active and retired employees					3.52%

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT
TAX SUPPORTED FUNDS, FY21 APPROVED BUDGET AND FY22 REQUEST**

Tax Supported Funds, FY21 Approved Budget	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears						
Active employees:	711.500	82.500	13,254.956	7,899.791	82.500	22,031.247
Wages	99,371,276	8,752,264	1,142,775,640	368,423,172	10,203,162	1,629,525,513
Social Security	6,695,732	494,416	90,362,306	28,937,078	655,172	127,144,704
Retirement	4,104,405	361,502	47,200,896	15,217,251	421,429	67,305,483
Group insurance for active employees	8,461,180	981,093	157,628,353	93,944,562	981,093	261,996,281
State Retirement Payment						55,308,257
Total compensation for active employees	118,632,593	10,589,275	1,437,967,195	506,522,063	12,260,856	2,141,280,238
Retiree benefits: group insurance						
Pay as you go amount						29,138,436
Total compensation for active and retired employees	118,632,593	10,589,275	1,437,967,195	506,522,063	12,260,856	2,170,418,674
Operating budget without debt service	N/A	N/A	N/A	N/A	N/A	2,562,357,999
Total compensation as % of total operating budget	N/A	N/A	N/A	N/A	N/A	84.70%
% General Wage Adjustment	N/A	N/A	N/A	N/A	N/A	
Cost of increment for employees (wages, social security, retirement)	N/A	N/A	N/A	N/A	N/A	0

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT
TAX SUPPORTED FUNDS, FY21 APPROVED BUDGET AND FY22 REQUEST**

Tax Supported Funds, FY22 Request	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears						
Active employees:	714.000	82.500	13,466.068	8,054.270	82.500	22,399.338
Wages	99,727,135	8,673,174	1,150,632,703	373,422,611	10,203,162	1,642,658,784
Social Security	6,776,861	493,559	87,667,105	29,374,475	660,855	124,972,855
Retirement	4,137,345	359,821	47,735,895	15,492,053	423,295	68,148,409
Group insurance for active employees	8,812,546	1,018,256	166,204,964	99,409,840	1,018,256	276,463,862
State Retirement Payment						55,080,931
Total compensation for active employees	119,453,887	10,544,810	1,452,240,667	517,698,979	12,305,568	2,167,324,841
Retiree benefits: group insurance						
Pay as you go amount						29,138,436
Total compensation for active and retired employees						2,196,463,277
Operating budget without debt service	N/A	N/A	N/A	N/A	N/A	2,601,396,807

Total compensation as % of total operating budget	N/A	N/A	N/A	N/A	N/A	84.43%
% General Wage Adjustment	N/A	N/A	N/A	N/A	N/A	0
Cost of increment for employees (wages, social security, retirement)	N/A	N/A	N/A	N/A	N/A	0

**MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT
TAX SUPPORTED FUNDS, FY21 APPROVED BUDGET AND FY22 REQUEST**

Amount increase FY21-FY22	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears						
Active employees:	2.500	0.000	211.112	154.479	0.000	368.091
Wages	355,859	(79,090)	7,857,063	4,999,439	-	13,133,271
Social Security	81,129	(857)	(2,695,201)	437,397	5,683	(2,171,849)
Retirement	32,940	(1,681)	534,999	274,802	1,866	842,926
Group insurance for active employees	351,366	37,163	8,576,611	5,465,278	37,163	14,467,581
State Retirement Payment						(227,326)
Total compensation for active employees	821,294	(44,465)	14,273,472	11,176,916	44,712	26,044,603
Retiree benefits: group insurance						
Pay as you go amount						0
Total compensation for active and retired employees	821,294	(44,465)	14,273,472	11,176,916	44,712	26,044,603
Percent increase FY21-FY22	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
Workyears						
Active employees:						
Wages	0.36%	-0.90%	0.69%	1.36%	0.00%	0.81%
Social Security	1.21%	-0.17%	-2.98%	1.51%	0.87%	-1.71%
Retirement	0.80%	-0.47%	1.13%	1.81%	0.44%	1.25%
Group insurance for active employees	4.15%	3.79%	5.44%	5.82%	3.79%	5.52%
State Retirement Payment						-0.41%
Total compensation for active employees	0.69%	-0.42%	0.99%	2.21%	0.36%	1.22%
Retiree benefits: group insurance						
Pay as you go amount						0.00%
Total compensation for active and retired employees	0.69%	-0.42%	0.99%	2.21%	0.36%	1.20%

MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY21 Approved Budget	AAUP	AFSCME	ADM	ALL OTHER	TOTAL
Workyears	610.00	477.60	84.00	631.75	1,803.35
Active employees:					
Wages	52,966,563	27,937,285	12,927,687	86,751,941	180,583,476
Social Security	3,660,428	1,930,698	893,410	5,995,277	12,479,813
Retirement		1,000,000		925,000	1,925,000
Other Benefits (EAP, recognition awards, comp absences, etc)	1,165,750	912,725	160,530	1,207,316	3,446,320
Group insurance for active employees	5,479,959	4,290,538	754,617	5,675,351	16,200,465
Total compensation for active employees	63,272,700	36,071,246	14,736,244	100,554,885	214,635,074
Retiree benefits: group insurance					
Pay as you go amount	1,555,993	1,218,266	214,268	1,611,473	4,600,000
OPEB	-	-	-	-	
Total compensation for retired employees	1,555,993	1,218,266	214,268	1,611,473	4,600,000
Total compensation for active and retired employees	64,828,693	37,289,512	14,950,512	102,166,358	219,235,074
Operating budget without debt service					268,165,660
Total compensation as % of total operating budget					81.8%
% General Wage Adjustment	2.0%	2.0%	2.0%	2.0%/4.5%	
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty	904,632	708,283	124,572	936,888	2,674,375
Cost of other Wage Adjustment					
Cost per 1% GWA (wages, social security, retirement)					
Annualized cost of GWA (wages, social security, retirement)	904,632	708,283	124,572	936,888	2,674,375
Cost per furlough day (wages, social security)	203,718	107,451	49,722	206,334	567,224
Cost of increment for employees not at top of grade (wages, social security, retirement)					
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)					
Annualized cost of increment for employees not at top of grade (wages, social security, retirement)					

MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY22 Requested Budget	AAUP	AFSCME	ADM	ALL OTHER	TOTAL
Workyears	610.00	479.10	85.00	629.25	1,803.35
Active employees:					
Wages	52,323,831	27,497,613	13,036,001	85,440,255	178,297,700
Social Security	3,676,303	1,931,998	915,917	6,003,082	12,527,301
Retirement		1,000,000		925,000	1,925,000
Other Benefits (EAP, recognition awards, comp absences, etc)	1,165,750	915,591	162,441	1,202,538	3,446,320
Group insurance for active employees	5,479,959	4,304,014	763,601	5,652,892	16,200,465
Total compensation for active employees	62,645,843	35,649,216	14,877,959	99,223,767	212,396,786
Retiree benefits: group insurance					
Pay as you go amount	1,555,993	1,222,092	216,819	1,605,096	4,600,000
OPEB	-	-	-	-	
Total compensation for retired employees	1,555,993	1,222,092	216,819	1,605,096	4,600,000
Total compensation for active and retired employees	64,201,836	36,871,309	15,094,778	100,828,863	216,996,786
Operating budget without debt service					264,704,984
Total compensation as % of total operating budget					82.0%
% General Wage Adjustment	None	None	None	None	
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty	None	None	None	None	
Cost of other Wage Adjustment	None	None	None	None	
Cost of General Wage Adjustment (wages, social security, retirement) - includes part time faculty	None	None	None	None	
Annualized cost of GWA (wages, social security, retirement)	None	None	None	None	
Cost per furlough day (wages, social security)	201,246	105,760	50,138	206,334	563,478
Cost of increment for employees not at top of grade (wages, social security, retirement)					
Cost of 1% increment for employees not at top of grade (wages, social security, retirement)					
Annualized cost of increment for employees not at top of grade (wages, social security, retirement)					

MONTGOMERY COLLEGE TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Amount increase FY21-FY22	AAUP	AFSCME	ADM	ALL OTHER	TOTAL
Workyears	-	1.50	1.00	(2.50)	0
Active employees:					
Wages	(642,732)	(439,672)	108,314	(1,311,686)	(2,285,776)
Social Security	15,875	1,301	22,507	7,805	47,488
Retirement	-	-	-	-	-
Other Benefits (EAP, recognition awards, comp absences, etc)	-	2,867	1,911	(4,778)	0
Group insurance for active employees	-	13,475	8,984	(22,459)	0
Total compensation for active employees	(626,857)	(422,029)	141,715	(1,331,117)	(2,238,288)
Retiree benefits: group insurance					
Pay as you go amount	-	3,826	2,551	(6,377)	-
Phase in of the Annual Required Contribution					
Total compensation for retired employees	-	3,826	2,551	(6,377)	-
Total compensation for active and retired employees	(626,857)	(418,203)	144,266	(1,337,494)	(2,238,288)
Percent increase FY21-FY22	AAUP	AFSCME	ADM	ALL OTHER	TOTAL
Workyears	0.00%	0.31%	1.19%	-0.40%	0.00%
Active employees:					
Wages	-1.21%	-1.57%	0.84%	-1.51%	-1.27%
Social Security	0.43%	0.07%	2.52%	0.13%	0.38%
Retirement		0.00%		0.00%	0.00%
Other Benefits (EAP, recognition awards, comp absences, etc)	0.00%	0.31%	1.19%	-0.40%	0.00%
Group insurance for active employees	0.00%	0.31%	1.19%	-0.40%	0.00%
Total compensation for active employees	-0.99%	-1.17%	0.96%	-1.32%	-1.04%
Retiree benefits: group insurance					
Pay as you go amount	0.00%	0.31%	1.19%	-0.40%	0.00%
Phase in of the Annual Required Contribution					
Total compensation for retired employees	0.00%	0.31%	1.19%	-0.40%	0.00%
Total compensation for active and retired employees	-0.97%	-1.12%	0.96%	-1.31%	-1.02%

MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY21 Approved Budget	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	83.00	307.12	555.97	946.09
Active employees:				
Wages	7,812,794	17,773,602	56,365,232	81,951,628
Social Security	99,394	1,236,436	4,244,718	5,580,548
Retirement	1,377,359	1,694,654	5,904,125	8,976,138
Group insurance for active employees	1,293,331	4,618,302	9,981,118	15,892,751
Total compensation for active employees	10,582,878	25,322,994	76,495,193	112,401,065
Retiree benefits: group insurance				
Pay as you go amount	375,694	1,403,501	2,774,669	4,553,863
OPEB pre-funding	245,705	917,896	1,814,646	2,978,247
Total compensation for retired employees	621,399	2,321,396	4,589,315	7,532,110
Total compensation for active and retired employees*	11,204,277	27,644,390	81,084,508	119,933,175
Operating budget without debt service*				137,697,727
Total compensation as % of total operating budget				87.1%
% General Wage Adjustment	0.75%	0.00%	0.75% / 0.00%	
Cost of General Wage Adjustment (wages, social security) SEE NOTE 1	52,034	0	13,012	65,046
Cost of other Wage Adjustment (wages, social security)	0	0	0	0
Cost per 1% General Wage Adjustment (wages, social security)	68,042	161,629	552,869	782,540
Cost per furlough day (wages, social security)	30,431	73,116	233,115	336,662
Cost of increments for employees not at top of grade (wages, social security) SEE NOTE 2	0	0	0	0
Cost of 1% increment for employees not at top of grade (wages, social security) SEE NOTE 2	28,773	56,566	142,401	227,739

NOTE 1: FY21 COLA 0.75% for FOP and Command Staff effective Nov 15, 2020. Command Staff is under Nonrepresented group.

NOTE 2: Increments are effective on annual review date; costs are for the remainder of the fiscal year following effective date. No increment was provided in FY21.

MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Tax Supported Funds, FY22 Request	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	83.00	314.10	566.50	963.60
Active employees:				
Wages	8,002,174	18,015,571	58,459,890	84,477,635
Social Security	101,415	1,263,325	4,210,243	5,574,983
Retirement	1,595,202	1,949,686	6,941,360	10,486,248
Group insurance for active employees	1,343,847	4,764,124	10,755,693	16,863,664
Total compensation for active employees	11,042,638	25,992,706	80,367,186	117,402,530
Retiree benefits: group insurance				
Pay as you go amount	401,648	1,520,164	2,974,898	4,896,710
OPEB pre-funding	218,824	828,211	1,620,774	2,667,809
Total compensation for retired employees	620,472	2,348,375	4,595,672	7,564,519
Total compensation for active and retired employees	11,663,110	28,341,081	84,962,858	124,967,049
Operating budget without debt service				146,673,008

Total compensation as % of total operating budget				85.2%
% General Wage Adjustment	NOTE 3	NOTE 3	NOTE 3	
Cost of General Wage Adjustment (wages, social security)	NOTE 3	NOTE 3	NOTE 3	
Cost of other Wage Adjustment (wages, social security)				0
Cost per 1% General Wage Adjustment (wages, social security)	68,931	173,181	596,149	838,261
Cost per furlough day (wages, social security)	31,168	74,150	241,039	346,356
Cost of increments for employees not at top of grade (wages, social security)	NOTE 3	NOTE 3	NOTE 3	
Cost of 1% increment for employees not at top of grade (wages, social security) SEE NOTE 2	29,807	75,003	201,097	305,907

NOTE 3: \$2,284,946 has been included as a dollar marker for an increase to employee compensation in the FY22 Proposed Budget for the Admin and Park Funds. We are in full contract negotiations with MCGEO, and wage and benefit re-opener with FOP

MNCPPC TAX SUPPORTED WAGES, SOCIAL SECURITY, and RETIREMENT

Amount increase FY21-FY22	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	0	7	11	18
Active employees:				
Wages	189,380	241,969	2,094,658	2,526,007
Social Security	2,021	26,889	(34,475)	(5,565)
Retirement	217,843	255,032	1,037,235	1,510,110
Group insurance for active employees	50,516	145,822	774,575	970,913
Total compensation for active employees	459,760	669,712	3,871,993	5,001,465
Retiree benefits: group insurance				
Pay as you go amount	25,954	116,663	200,230	342,847
OPEB pre-funding	(26,881)	(89,685)	(193,872)	(310,438)
Total compensation for retired employees	(927)	26,978	6,358	32,409
Total compensation for active and retired employees				5,033,874

Percent increase FY21-FY22	FOP	MCGEO	Nonrepresented	TOTAL
Workyears	0.0%	2.3%	1.9%	1.9%
Active employees:				
Wages	2.4%	1.4%	3.7%	3.1%
Social Security	2.0%	2.2%	-0.8%	-0.1%
Retirement	15.8%	15.0%	17.6%	16.8%
Group insurance for active employees	3.9%	3.2%	7.8%	6.1%
Total compensation for active employees	4.3%	2.6%	5.1%	4.4%
Retiree benefits: group insurance				
Pay as you go amount	6.9%	8.3%	7.2%	7.5%
OPEB pre-funding	-10.9%	-9.8%	-10.7%	-10.4%
Total compensation for retired employees	-0.1%	1.2%	0.1%	0.4%
Total compensation for active and retired employees				4.2%

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

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

**MONTGOMERY COUNTY GOVERNMENT
 FIRE/RESCUE BARGAINING UNIT SALARY SCHEDULE
 FISCAL YEAR 2022
 EFFECTIVE JULY 1, 2021**

GRADE	F1 FIRE FIGHTER RESCUER I	F2 FIRE FIGHTER RESCUER II	F3 FIRE FIGHTER RESCUER III	F4 MASTER FIRE FIGHTER RESCUER	B1 FIRE/RESCUE LIEUTENANT	B2 FIRE/RESCUE CAPTAIN
A	\$48,942	\$51,392	\$53,960	\$59,357	\$65,298	\$73,631
B	\$50,656	\$53,189	\$55,850	\$61,434	\$67,583	\$76,210
C	\$52,429	\$55,052	\$57,805	\$63,586	\$69,950	\$78,877
D	\$54,266	\$56,980	\$59,830	\$65,812	\$72,399	\$81,640
E	\$56,165	\$58,975	\$61,923	\$68,115	\$74,933	\$84,497
F	\$58,131	\$61,040	\$64,091	\$70,501	\$77,555	\$87,455
G	\$60,166	\$63,174	\$66,334	\$72,968	\$80,271	\$90,516
H	\$62,273	\$65,387	\$68,658	\$75,522	\$83,081	\$93,684
I	\$64,453	\$67,677	\$71,062	\$78,166	\$85,988	\$96,963
J	\$66,710	\$70,046	\$73,548	\$80,901	\$88,999	\$100,357
K	\$69,045	\$72,498	\$76,123	\$83,734	\$92,115	\$103,872
L	\$71,461	\$75,036	\$78,788	\$86,665	\$95,340	\$107,506
M	\$73,963	\$77,661	\$81,546	\$89,697	\$98,679	\$111,271
N	\$76,552	\$80,380	\$84,401	\$92,838	\$102,133	\$115,165
O	\$79,231	\$83,196	\$87,356	\$96,088	\$105,707	\$119,197
20 YEAR LONGEVITY (3.5%)	\$82,004	\$86,108	\$90,414	\$99,451	\$109,407	\$123,369
24 YEAR LONGEVITY (3.5%)	\$84,874	\$89,122	\$93,579	\$102,932	\$113,236	\$127,686

**MONTGOMERY COUNTY GOVERNMENT
 FIRE/RESCUE BARGAINING UNIT SALARY SCHEDULE
 FISCAL YEAR 2022
 EFFECTIVE JUNE 19, 2022
 GWA: 1.50% INCREASE**

GRADE	F1 FIRE FIGHTER RESCUER I	F2 FIRE FIGHTER RESCUER II	F3 FIRE FIGHTER RESCUER III	F4 MASTER FIRE FIGHTER RESCUER	B1 FIRE/RESCUE LIEUTENANT	B2 FIRE/RESCUE CAPTAIN
A	\$49,677	\$52,163	\$54,770	\$60,247	\$66,277	\$74,736
B	\$51,416	\$53,987	\$56,688	\$62,356	\$68,597	\$77,353
C	\$53,216	\$55,878	\$58,672	\$64,540	\$70,999	\$80,060
D	\$55,080	\$57,834	\$60,727	\$66,799	\$73,485	\$82,864
E	\$57,007	\$59,860	\$62,852	\$69,137	\$76,057	\$85,764
F	\$59,003	\$61,955	\$65,052	\$71,558	\$78,718	\$88,767
G	\$61,069	\$64,122	\$67,329	\$74,063	\$81,475	\$91,874
H	\$63,207	\$66,368	\$69,688	\$76,655	\$84,327	\$95,089
I	\$65,420	\$68,692	\$72,128	\$79,339	\$87,278	\$98,417
J	\$67,711	\$71,096	\$74,651	\$82,114	\$90,334	\$101,863
K	\$70,080	\$73,586	\$77,265	\$84,990	\$93,497	\$105,430
L	\$72,533	\$76,161	\$79,969	\$87,965	\$96,771	\$109,119
M	\$75,072	\$78,826	\$82,769	\$91,042	\$100,159	\$112,940
N	\$77,700	\$81,586	\$85,667	\$94,230	\$103,665	\$116,893
O	\$80,420	\$84,444	\$88,666	\$97,529	\$107,293	\$120,985
20 YEAR LONGEVITY (3.5%)	\$83,235	\$87,399	\$91,770	\$100,943	\$111,048	\$125,219
24 YEAR LONGEVITY (3.5%)	\$86,147	\$90,459	\$94,982	\$104,476	\$114,935	\$129,602

**MONTGOMERY COUNTY GOVERNMENT
POLICE BARGAINING UNIT UNIFORM SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JULY 1, 2021**

STEP	YEAR	PO I	PO II	PO III	MPO	SGT
0	1	\$53,288	\$55,953	\$58,751	\$61,689	\$67,860
1	2	\$55,154	\$57,913	\$60,809	\$63,849	\$70,234
2	3	\$57,085	\$59,939	\$62,938	\$66,086	\$72,692
3	4	\$59,082	\$62,037	\$65,141	\$68,397	\$75,236
4	5	\$61,151	\$64,209	\$67,420	\$70,793	\$77,872
5	6	\$63,293	\$66,458	\$69,782	\$73,271	\$80,597
6	7	\$65,509	\$68,785	\$72,224	\$75,836	\$83,420
7	8	\$67,802	\$71,191	\$74,752	\$78,491	\$86,339
8	9	\$70,176	\$73,684	\$77,370	\$81,238	\$89,361
9	10	\$72,631	\$76,263	\$80,077	\$84,082	\$92,490
10	11	\$75,174	\$78,934	\$82,882	\$87,026	\$95,727
11	12	\$77,808	\$81,696	\$85,783	\$90,072	\$99,077
12	13	\$80,530	\$84,555	\$88,785	\$93,225	\$102,545
13	14	\$83,350	\$87,517	\$91,894	\$96,489	\$106,134
14	15	\$86,267	\$90,582	\$95,112	\$99,865	\$109,849
16 YEAR LONGEVITY (3.5%)	17+	\$89,286	\$93,752	\$98,440	\$103,360	\$113,694
20 YEAR LONGEVITY (3.5%)	21+	\$92,411	\$97,033	\$101,886	\$106,978	\$117,673

**MONTGOMERY COUNTY GOVERNMENT
POLICE BARGAINING UNIT UNIFORM SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JANUARY 2, 2022
GWA: 2.50% INCREASE**

STEP	YEAR	PO I	PO II	PO III	MPO	SGT
0	1	\$54,620	\$57,352	\$60,220	\$63,231	\$69,556
1	2	\$56,533	\$59,361	\$62,329	\$65,445	\$71,990
2	3	\$58,512	\$61,437	\$64,512	\$67,738	\$74,510
3	4	\$60,559	\$63,588	\$66,769	\$70,107	\$77,117
4	5	\$62,679	\$65,814	\$69,106	\$72,563	\$79,819
5	6	\$64,876	\$68,120	\$71,527	\$75,103	\$82,612
6	7	\$67,147	\$70,504	\$74,030	\$77,732	\$85,505
7	8	\$69,497	\$72,971	\$76,620	\$80,453	\$88,497
8	9	\$71,930	\$75,526	\$79,305	\$83,268	\$91,595
9	10	\$74,447	\$78,170	\$82,079	\$86,184	\$94,802
10	11	\$77,053	\$80,907	\$84,954	\$89,202	\$98,120
11	12	\$79,753	\$83,739	\$87,927	\$92,324	\$101,554
12	13	\$82,543	\$86,668	\$91,005	\$95,555	\$105,109
13	14	\$85,434	\$89,705	\$94,191	\$98,901	\$108,788
14	15	\$88,424	\$92,846	\$97,489	\$102,361	\$112,596
16 YEAR LONGEVITY (3.5%)	17+	\$91,518	\$96,096	\$100,902	\$105,944	\$116,536
20 YEAR LONGEVITY (3.5%)	21+	\$94,722	\$99,459	\$104,433	\$109,652	\$120,615

FY22 Notes:

1) Starting salary for Police Officer Candidate is \$54,620.

**MONTGOMERY COUNTY GOVERNMENT
CORRECTIONAL OFFICER UNIFORM SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JULY 1, 2021**

STEP	YEAR	CO I	CO II	CO III	SGT
1	0	\$48,073	\$50,478	\$55,525	\$61,356
2	1	\$49,757	\$52,246	\$57,469	\$63,505
3	2	\$51,499	\$54,075	\$59,483	\$65,728
4	3	\$53,301	\$55,969	\$61,565	\$68,028
5	4	\$55,168	\$57,927	\$63,721	\$70,410
6	5	\$57,102	\$59,957	\$65,951	\$72,876
7	6	\$59,101	\$62,055	\$68,261	\$75,427
8	7	\$61,169	\$64,228	\$70,651	\$78,068
9	8	\$63,309	\$66,477	\$73,123	\$80,800
10	9	\$65,526	\$68,803	\$75,684	\$83,628
11	10	\$67,819	\$71,211	\$78,333	\$86,556
12	11	\$70,193	\$73,707	\$81,077	\$89,587
13	12		\$76,288	\$83,913	\$92,721
14	13		\$78,959	\$86,850	\$95,968
15	14-20				\$99,328
20 YEAR LONGEVITY (3.5%)	21+	\$72,650	\$81,722	\$89,890	\$102,805
24 YEAR LONGEVITY (2.5%)	25+	\$74,466	\$83,765	\$92,137	\$105,375

**MONTGOMERY COUNTY GOVERNMENT
CORRECTIONAL OFFICER UNIFORM SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JUNE 19, 2022
GWA: \$1,684 INCREASE**

STEP	YEAR	CO I	CO II	CO III	SGT
1	0	\$49,757	\$52,162	\$57,209	\$63,040
2	1	\$51,441	\$53,930	\$59,153	\$65,189
3	2	\$53,183	\$55,759	\$61,167	\$67,412
4	3	\$54,985	\$57,653	\$63,249	\$69,712
5	4	\$56,852	\$59,611	\$65,405	\$72,094
6	5	\$58,786	\$61,641	\$67,635	\$74,560
7	6	\$60,785	\$63,739	\$69,945	\$77,111
8	7	\$62,853	\$65,912	\$72,335	\$79,752
9	8	\$64,993	\$68,161	\$74,807	\$82,484
10	9	\$67,210	\$70,487	\$77,368	\$85,312
11	10	\$69,503	\$72,895	\$80,017	\$88,240
12	11	\$71,877	\$75,391	\$82,761	\$91,271
13	12		\$77,972	\$85,597	\$94,405
14	13		\$80,643	\$88,534	\$97,652
15	14-20				\$101,012
20 YEAR LONGEVITY (3.5%)	21+	\$74,334	\$83,406	\$91,574	\$104,489
24 YEAR LONGEVITY (2.5%)	25+	\$76,150	\$85,449	\$93,821	\$107,059

FY22 Notes:

- 1) Starting salary for Correctional Officer 1 (Private) is \$49,757.
- 2) Correctional Officer salaries may not correspond to years of service as listed on the salary schedule due to partially funded FY11 service increments.

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF UNIFORM SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JULY 1, 2021**

STEP	YEAR	DS I	DS II	DS III	SGT
0	1	\$51,755	\$55,378	\$59,255	\$65,179
1	2	\$53,568	\$57,318	\$61,329	\$67,463
2	3	\$55,441	\$59,324	\$63,475	\$69,824
3	4	\$57,383	\$61,398	\$65,698	\$72,268
4	5	\$59,392	\$63,550	\$67,999	\$74,797
5	6	\$61,470	\$65,775	\$70,378	\$77,417
6	7	\$63,622	\$68,077	\$72,843	\$80,125
7	8	\$65,850	\$70,462	\$75,391	\$82,930
8	9	\$68,155	\$72,928	\$78,032	\$85,834
9	10	\$70,542	\$75,481	\$80,762	\$88,838
10	11		\$78,124	\$83,588	\$91,948
11	12		\$80,859	\$86,519	\$95,167
12	13			\$89,548	\$98,498
13	14			\$92,679	\$101,946
14	15-20			\$95,922	\$105,514
20 YEAR LONGEVITY (3.5%)	21+	\$73,011	\$83,689	\$99,280	\$109,206
24 YEAR LONGEVITY (2.5%)	25+	\$74,836	\$85,781	\$101,762	\$111,937

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF UNIFORM SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JUNE 19, 2022
GWA: \$1,684 INCREASE**

STEP	YEAR	DS I	DS II	DS III	SGT
0	1	\$53,439	\$57,062	\$60,939	\$66,863
1	2	\$55,252	\$59,002	\$63,013	\$69,147
2	3	\$57,125	\$61,008	\$65,159	\$71,508
3	4	\$59,067	\$63,082	\$67,382	\$73,952
4	5	\$61,076	\$65,234	\$69,683	\$76,481
5	6	\$63,154	\$67,459	\$72,062	\$79,101
6	7	\$65,306	\$69,761	\$74,527	\$81,809
7	8	\$67,534	\$72,146	\$77,075	\$84,614
8	9	\$69,839	\$74,612	\$79,716	\$87,518
9	10	\$72,226	\$77,165	\$82,446	\$90,522
10	11		\$79,808	\$85,272	\$93,632
11	12		\$82,543	\$88,203	\$96,851
12	13			\$91,232	\$100,182
13	14			\$94,363	\$103,630
14	15-20			\$97,606	\$107,198
20 YEAR LONGEVITY (3.5%)	21+	\$74,695	\$85,373	\$100,964	\$110,890
24 YEAR LONGEVITY (2.5%)	25+	\$76,520	\$87,465	\$103,446	\$113,621

FY22 Notes:

1) Deputy Sheriff salaries may not correspond to years of service as listed on the salary schedule due to partially funded FY11 service increments.

**MONTGOMERY COUNTY GOVERNMENT
OFFICE, PROFESSIONAL & TECHNICAL AND SERVICE, LABOR, AND
FISCAL YEAR 2022
EFFECTIVE JULY 1, 2021**

GRADE	MINIMUM	MIDPOINT	MAXIMUM	18 YEAR LONGEVITY (3%)	24 YEAR LONGEVITY (3%)
5	\$32,488	\$38,446	\$44,404	\$45,736	\$47,108
6	\$32,488	\$39,371	\$46,255	\$47,642	\$49,071
7	\$32,488	\$40,360	\$48,232	\$49,678	\$51,169
8	\$32,488	\$41,457	\$50,426	\$51,940	\$53,497
9	\$33,488	\$43,111	\$52,734	\$54,316	\$55,946
10	\$34,831	\$45,027	\$55,223	\$56,880	\$58,586
11	\$36,240	\$47,031	\$57,822	\$59,555	\$61,342
12	\$37,707	\$49,131	\$60,555	\$62,371	\$64,242
13	\$39,261	\$51,343	\$63,425	\$65,328	\$67,287
14	\$40,893	\$53,670	\$66,446	\$68,439	\$70,492
15	\$42,601	\$56,102	\$69,604	\$71,692	\$73,842
16	\$44,421	\$58,676	\$72,930	\$75,118	\$77,371
17	\$46,436	\$61,428	\$76,419	\$78,712	\$81,073
18	\$48,566	\$64,326	\$80,086	\$82,488	\$84,963
19	\$50,855	\$67,393	\$83,931	\$86,449	\$89,042
20	\$53,246	\$70,607	\$87,969	\$90,608	\$93,326
21	\$55,771	\$73,991	\$92,211	\$94,977	\$97,826
22	\$58,409	\$77,537	\$96,665	\$99,564	\$102,551
23	\$61,189	\$81,270	\$101,350	\$104,391	\$107,523
24	\$64,102	\$85,176	\$106,250	\$109,438	\$112,721
25	\$67,156	\$89,282	\$111,407	\$114,750	\$118,192
26	\$70,377	\$93,601	\$116,825	\$120,330	\$123,940
27	\$73,726	\$98,120	\$122,514	\$126,189	\$129,975
28	\$77,035	\$102,759	\$128,483	\$132,338	\$136,308

**MONTGOMERY COUNTY GOVERNMENT
OFFICE, PROFESSIONAL & TECHNICAL AND SERVICE, LABOR, AND
FISCAL YEAR 2022
EFFECTIVE JUNE 19, 2022
GWA: \$1,684 INCREASE**

GRADE	MINIMUM	MIDPOINT	MAXIMUM	18 YEAR LONGEVITY (3%)	24 YEAR LONGEVITY (3%)
5	\$34,172	\$40,130	\$46,088	\$47,420	\$48,792
6	\$34,172	\$41,055	\$47,939	\$49,326	\$50,755
7	\$34,172	\$42,044	\$49,916	\$51,362	\$52,853
8	\$34,172	\$43,141	\$52,110	\$53,624	\$55,181
9	\$35,172	\$44,795	\$54,418	\$56,000	\$57,630
10	\$36,515	\$46,711	\$56,907	\$58,564	\$60,270
11	\$37,924	\$48,715	\$59,506	\$61,239	\$63,026
12	\$39,391	\$50,815	\$62,239	\$64,055	\$65,926
13	\$40,945	\$53,027	\$65,109	\$67,012	\$68,971
14	\$42,577	\$55,354	\$68,130	\$70,123	\$72,176
15	\$44,285	\$57,786	\$71,288	\$73,376	\$75,526
16	\$46,105	\$60,360	\$74,614	\$76,802	\$79,055
17	\$48,120	\$63,112	\$78,103	\$80,396	\$82,757
18	\$50,250	\$66,010	\$81,770	\$84,172	\$86,647
19	\$52,539	\$69,077	\$85,615	\$88,133	\$90,726
20	\$54,930	\$72,291	\$89,653	\$92,292	\$95,010
21	\$57,455	\$75,675	\$93,895	\$96,661	\$99,510
22	\$60,093	\$79,221	\$98,349	\$101,248	\$104,235
23	\$62,873	\$82,954	\$103,034	\$106,075	\$109,207
24	\$65,786	\$86,860	\$107,934	\$111,122	\$114,405
25	\$68,840	\$90,966	\$113,091	\$116,434	\$119,876
26	\$72,061	\$95,285	\$118,509	\$122,014	\$125,624
27	\$75,410	\$99,804	\$124,198	\$127,873	\$131,659
28	\$78,719	\$104,443	\$130,167	\$134,022	\$137,992

**MONTGOMERY COUNTY GOVERNMENT
 MINIMUM WAGE/SEASONAL SALARY SCHEDULE
 FISCAL YEAR 2022**

***MINIMUM WAGE: \$15.00 [EFFECTIVE 6/20/2021]**

HOURLY WAGE: \$0.50 INCREASE [EFFECTIVE 7/4/2021]

GRADE	MINIMUM ANNUAL	MINIMUM HOURLY	MAXIMUM ANNUAL	MAXIMUM HOURLY
S1*	\$31,200	\$15.00	\$31,200	\$15.00
S2*	\$31,200	\$15.00	\$31,200	\$15.00
S3*	\$31,200	\$15.00	\$31,200	\$15.00
S4*	\$31,200	\$15.00	\$31,200	\$15.00
S5*	\$31,200	\$15.00	\$34,551	\$16.61
S6	\$33,866	\$16.28	\$41,682	\$20.04
S7	\$39,436	\$18.96	\$48,927	\$23.52
S8	\$45,187	\$21.72	\$56,402	\$27.12

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

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

**MONTGOMERY COUNTY GOVERNMENT
GENERAL SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JULY 1, 2021**

GRADE	MINIMUM	MIDPOINT	MAXIMUM	20 YEAR PERFORMANCE LONGEVITY (2.0%)
5	\$32,488	\$38,446	\$44,404	\$45,292
6	\$32,488	\$39,371	\$46,255	\$47,180
7	\$32,488	\$40,360	\$48,232	\$49,196
8	\$32,488	\$41,457	\$50,426	\$51,435
9	\$33,488	\$43,111	\$52,734	\$53,789
10	\$34,831	\$45,027	\$55,223	\$56,328
11	\$36,240	\$47,031	\$57,822	\$58,978
12	\$37,707	\$49,131	\$60,555	\$61,766
13	\$39,261	\$51,343	\$63,425	\$64,694
14	\$40,893	\$53,670	\$66,446	\$67,775
15	\$42,601	\$56,102	\$69,604	\$70,996
16	\$44,421	\$58,676	\$72,930	\$74,388
17	\$46,436	\$61,428	\$76,419	\$77,948
18	\$48,566	\$64,326	\$80,086	\$81,687
19	\$50,855	\$67,393	\$83,931	\$85,610
20	\$53,246	\$70,607	\$87,969	\$89,728
21	\$55,771	\$73,991	\$92,211	\$94,055
22	\$58,409	\$77,537	\$96,665	\$98,598
23	\$61,189	\$81,270	\$101,350	\$103,377
24	\$64,102	\$85,176	\$106,250	\$108,375
25	\$67,156	\$89,282	\$111,407	\$113,636
26	\$70,377	\$93,601	\$116,825	\$119,162
27	\$73,726	\$98,120	\$122,514	\$124,964
28	\$77,035	\$102,759	\$128,483	\$131,052
29	\$80,510	\$107,630	\$134,750	\$137,445
30	\$84,165	\$112,751	\$141,337	\$144,163
31	\$87,999	\$118,124	\$148,248	\$151,213
32	\$92,020	\$122,402	\$152,785	\$155,841
33	\$96,246	\$126,786	\$157,325	\$160,472
34	\$100,687	\$131,277	\$161,867	\$165,104
35	\$105,350	\$135,879	\$166,407	\$169,735
36	\$110,247	\$140,598	\$170,949	\$174,368
37	\$115,382	\$145,433	\$175,484	\$178,994
38	\$120,777	\$150,149	\$179,521	\$183,111
39	\$126,443	\$154,303	\$182,164	\$185,807
40	\$132,392	\$158,599	\$184,806	\$188,502

**MONTGOMERY COUNTY GOVERNMENT
GENERAL SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JUNE 19, 2022
GWA: \$1,684 INCREASE**

GRADE	MINIMUM	MIDPOINT	MAXIMUM	20 YEAR PERFORMANCE LONGEVITY (2.0%)
5	\$34,172	\$40,130	\$46,088	\$46,976
6	\$34,172	\$41,055	\$47,939	\$48,864
7	\$34,172	\$42,044	\$49,916	\$50,880
8	\$34,172	\$43,141	\$52,110	\$53,119
9	\$35,172	\$44,795	\$54,418	\$55,473
10	\$36,515	\$46,711	\$56,907	\$58,012
11	\$37,924	\$48,715	\$59,506	\$60,662
12	\$39,391	\$50,815	\$62,239	\$63,450
13	\$40,945	\$53,027	\$65,109	\$66,378
14	\$42,577	\$55,354	\$68,130	\$69,459
15	\$44,285	\$57,786	\$71,288	\$72,680
16	\$46,105	\$60,360	\$74,614	\$76,072
17	\$48,120	\$63,112	\$78,103	\$79,632
18	\$50,250	\$66,010	\$81,770	\$83,371
19	\$52,539	\$69,077	\$85,615	\$87,294
20	\$54,930	\$72,291	\$89,653	\$91,412
21	\$57,455	\$75,675	\$93,895	\$95,739
22	\$60,093	\$79,221	\$98,349	\$100,282
23	\$62,873	\$82,954	\$103,034	\$105,061
24	\$65,786	\$86,860	\$107,934	\$110,059
25	\$68,840	\$90,966	\$113,091	\$115,320
26	\$72,061	\$95,285	\$118,509	\$120,846
27	\$75,410	\$99,804	\$124,198	\$126,648
28	\$78,719	\$104,443	\$130,167	\$132,736
29	\$82,194	\$109,314	\$136,434	\$139,129
30	\$85,849	\$114,435	\$143,021	\$145,847
31	\$89,683	\$119,808	\$149,932	\$152,897
32	\$93,704	\$124,086	\$154,469	\$157,525
33	\$97,930	\$128,470	\$159,009	\$162,156
34	\$102,371	\$132,961	\$163,551	\$166,788
35	\$107,034	\$137,563	\$168,091	\$171,419
36	\$111,931	\$142,282	\$172,633	\$176,052
37	\$117,066	\$147,117	\$177,168	\$180,678
38	\$122,461	\$151,833	\$181,205	\$184,795
39	\$128,127	\$155,987	\$183,848	\$187,491
40	\$134,076	\$160,283	\$186,490	\$190,186

FY22 Notes:

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

**MONTGOMERY COUNTY GOVERNMENT
MANAGEMENT LEADERSHIP SERVICE SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JULY 1, 2021**

PAY BAND	MLS LEVEL	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
M1	MANAGEMENT LEVEL I	\$107,000	\$148,521	\$181,737	\$190,042
M2	MANAGEMENT LEVEL II	\$93,567	\$131,711	\$162,227	\$169,856
M3	MANAGEMENT LEVEL III	\$80,384	\$113,653	\$140,269	\$146,923

**MONTGOMERY COUNTY GOVERNMENT
MANAGEMENT LEADERSHIP SERVICE SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JUNE 19, 2022
GWA: \$1,684 INCREASE**

PAY BAND	MLS LEVEL	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
M1	MANAGEMENT LEVEL I	\$108,684	\$150,205	\$183,421	\$191,726
M2	MANAGEMENT LEVEL II	\$95,251	\$133,395	\$163,911	\$171,540
M3	MANAGEMENT LEVEL III	\$82,068	\$115,337	\$141,953	\$148,607

**MONTGOMERY COUNTY GOVERNMENT
POLICE LEADERSHIP SERVICE SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JULY 1, 2021**

PAY BAND	PLS RANK	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
A2	POLICE LIEUTENANT	\$80,384	\$113,653	\$140,269	\$146,923
A3	POLICE CAPTAIN	\$93,567	\$131,711	\$162,227	\$169,856

**MONTGOMERY COUNTY GOVERNMENT
POLICE LEADERSHIP SERVICE SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JUNE 19, 2022
GWA: \$1,684 INCREASE**

PAY BAND	PLS RANK	MINIMUM	MIDPOINT	CONTROL POINT	MAXIMUM
A2	POLICE LIEUTENANT	\$82,068	\$115,337	\$141,953	\$148,607
A3	POLICE CAPTAIN	\$95,251	\$133,395	\$163,911	\$171,540

**MONTGOMERY COUNTY GOVERNMENT
 FIRE/RESCUE MANAGEMENT SALARY SCHEDULE
 FISCAL YEAR 2022
 EFFECTIVE JULY 1, 2021**

GRADE	RANK	MINIMUM	MAXIMUM	20 YEAR LONGEVITY (3.5%)	24 YEAR LONGEVITY (3.5%)
B3	FIRE/RESCUE BATTALION CHIEF	\$82,578	\$137,231	\$142,034	\$147,005
B4	FIRE/RESCUE ASSISTANT CHIEF	\$90,180	\$150,943	\$156,226	\$161,694
B6	FIRE/RESCUE DIVISION CHIEF	\$103,086	\$171,146	\$177,136	\$183,336

**MONTGOMERY COUNTY GOVERNMENT
 FIRE/RESCUE MANAGEMENT SALARY SCHEDULE
 FISCAL YEAR 2022
 EFFECTIVE JUNE 19, 2022
 GWA: 1.50% INCREASE**

GRADE	RANK	MINIMUM	MAXIMUM	20 YEAR LONGEVITY (3.5%)	24 YEAR LONGEVITY (3.5%)
B3	FIRE/RESCUE BATTALION CHIEF	\$83,817	\$139,289	\$144,164	\$149,210
B4	FIRE/RESCUE ASSISTANT CHIEF	\$91,533	\$153,207	\$158,570	\$164,119
B6	FIRE/RESCUE DIVISION CHIEF	\$104,632	\$173,713	\$179,793	\$186,086

**MONTGOMERY COUNTY GOVERNMENT
 UNIFORMED CORRECTIONAL MANAGEMENT SALARY SCHEDULE
 FISCAL YEAR 2022
 EFFECTIVE JULY 1, 2021**

GRADE	RANK	MINIMUM	MAXIMUM	20 YEAR LONGEVITY (3.5%)
C1	CORRECTIONAL SHIFT COMMANDER (LT)	\$67,493	\$109,262	\$113,087
C2	CORRECTIONAL TEAM LEADER (CAPT)	\$74,244	\$120,190	\$124,397

**MONTGOMERY COUNTY GOVERNMENT
 UNIFORMED CORRECTIONAL MANAGEMENT SALARY SCHEDULE
 FISCAL YEAR 2022
 EFFECTIVE JUNE 19, 2022
 GWA: \$1,684 INCREASE**

GRADE	RANK	MINIMUM	MAXIMUM	20 YEAR LONGEVITY (3.5%)
C1	CORRECTIONAL SHIFT COMMANDER (LT)	\$69,177	\$110,946	\$114,771
C2	CORRECTIONAL TEAM LEADER (CAPT)	\$75,928	\$121,874	\$126,081

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF MANAGEMENT SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JULY 1, 2021**

GRADE	RANK	MINIMUM	MAXIMUM	20 YEAR LONGEVITY (3.5%)
D2	DEPUTY SHERIFF LIEUTENANT	\$71,699	\$116,075	\$120,137
D3	DEPUTY SHERIFF CAPTAIN	\$86,040	\$140,187	\$145,093
D4	DEPUTY SHERIFF COLONEL	\$98,946	\$161,722	\$167,382

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF MANAGEMENT SALARY SCHEDULE
FISCAL YEAR 2022
EFFECTIVE JUNE 19, 2022
GWA: \$1,684 INCREASE**

GRADE	RANK	MINIMUM	MAXIMUM	20 YEAR LONGEVITY (3.5%)
D2	DEPUTY SHERIFF LIEUTENANT	\$73,383	\$117,759	\$121,821
D3	DEPUTY SHERIFF CAPTAIN	\$87,724	\$141,871	\$146,777
D4	DEPUTY SHERIFF COLONEL	\$100,630	\$163,406	\$169,066

**MONTGOMERY COUNTY GOVERNMENT
 MEDICAL DOCTORS SALARY SCHEDULE
 FISCAL YEAR 2022
 EFFECTIVE JULY 1, 2021**

GRADE	MEDICAL JOB CLASS	MINIMUM	MIDPOINT	MAXIMUM
MD I	MEDICAL DOCTOR I	\$112,295	\$141,541	\$170,787
MD II	MEDICAL DOCTOR II	\$123,521	\$155,693	\$187,864
MD III	MEDICAL DOCTOR III	\$135,874	\$171,260	\$206,647
MD IV	MEDICAL DOCTOR IV	\$149,461	\$188,387	\$227,312

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

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

**MONTGOMERY COUNTY GOVERNMENT
 MEDICAL DOCTORS SALARY SCHEDULE
 FISCAL YEAR 2022
 EFFECTIVE JUNE 19, 2022
 GWA: \$1,684 INCREASE**

GRADE	MEDICAL JOB CLASS	MINIMUM	MIDPOINT	MAXIMUM
MD I	MEDICAL DOCTOR I	\$113,979	\$143,225	\$172,471
MD II	MEDICAL DOCTOR II	\$125,205	\$157,377	\$189,548
MD III	MEDICAL DOCTOR III	\$137,558	\$172,944	\$208,331
MD IV	MEDICAL DOCTOR IV	\$151,145	\$190,071	\$228,996

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

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



EXECUTIVE SALARY SCHEDULE

FISCAL YEAR 2022

EFFECTIVE JULY 1, 2021

Proposed Executive Salary Schedule

	MINIMUM	MIDPOINT	MAXIMUM
EXE3	\$118,420	\$159,867	\$201,315
EXE2	\$130,262	\$175,854	\$221,446
EXE1	\$143,288	\$193,439	\$243,589
EXE0	\$171,946	\$232,127	\$292,308

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

Salary Schedule Adjustments

Includes the 1.5% general wage adjustment (GWA) effective June 20, 2021

No FY22 GWA

Executive Salary Scales and Positions

EXE0 – EXECUTIVE SALARY SCALE

Position Title

Chief Administrative Officer

EXE2 – EXECUTIVE SALARY SCALE

Position Title

Assistant Chief Administrative Officers

EXE1 – EXECUTIVE SALARY SCALE

Position Title

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

EXE3 – EXECUTIVE SALARY SCALE

Position Title

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

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

MCGEO	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 Rec.
GWA	4.50%	0.00%	0.00%	0.00%	0.00%	3.25%	3.25%	2.00%	1.00%	2.00%	2.00%	2.25%	1.50%	\$1,684
Increment	3.50%	3.50%	0.00%	0.00%	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	--	--	--	--	--	--	--	--	--	--	--	1.00%	--	1.25%
Max Total	8.00%	3.50%	0.00%	0.00%	0.00%	6.75%	6.75%	5.50%	4.50%	5.50%	5.50%	6.75%	5.00%	4.8% - 8.7%

FOP	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 Rec.
GWA	4.00%	0.00%	0.00%	0.00%	0.00%	2.10%	2.10%	2.00%	1.00%	2.00%	2.00%	0.00%	1.50%	2.50%
Increment	3.50%	3.50%	0.00%	0.00%	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Year Increment	--	--	--	--	--	1.75%	1.75%	--	--	--	--	3.50%	--	--
Max Total	7.5%	3.50%	0.00%	0.00%	0.00%	7.35%	7.35%	5.50%	4.50%	5.50%	5.50%	7.00%	5.00%	6.00%

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

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

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

Salary Growth for Employee Earning \$60,000 at the End of Fiscal Year 2013

	End FY13 Salary	End FY21 Salary	8-Year Increase	Avg. Annual Increase
MCGEO	\$60,000	\$94,041	+57%	5.8%
FOP	\$60,000	\$95,324	+59%	6.0%
IAFF	\$60,000	\$98,610	+64%	6.4%
Non-Represented	\$60,000	\$93,160	+55%	5.6%

**Salary Growth for Employee Earning \$60,000 at the End of Fiscal Year 2011
(No GWAs or Increments in FY11-FY13)**

	End FY11 Salary	End FY21 Salary	10-Year Increase	Avg. Annual Increase
MCGEO	\$60,000	\$94,041	+57%	4.6%
FOP	\$60,000	\$95,324	+59%	4.7%
IAFF	\$60,000	\$98,610	+64%	5.1%
Non-Represented	\$60,000	\$93,160	+55%	4.5%

FY22-27 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Print and Mail

	FY21	FY22	FY23	FY24	FY25	FY26	FY27
FISCAL PROJECTIONS	ESTIMATE	REC	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	1.3%	1.6%	2.0%	2.4%	2.4%	2.4%	2.4%
Investment Income Yield	0.2%	0.1%	0.4%	0.4%	0.4%	0.4%	0.4%
Rate Adjustment	0	0	1.0%	3.8%	1.5%	1.3%	1.7%
BEGINNING FUND BALANCE	306,289	674,225	527,608	274,324	265,899	283,087	279,683
REVENUES							
Charges For Services	8,351,742	8,159,467	8,241,062	8,554,222	8,682,535	8,795,408	8,944,930
Miscellaneous	2,380	7,804	16,810	42,030	58,840	58,840	58,840
Subtotal Revenues	8,354,122	8,167,271	8,257,872	8,596,252	8,741,375	8,854,248	9,003,770
INTERFUND TRANSFERS (Net Non-CIP)	0	0	0	0	0	0	0
TOTAL RESOURCES	8,660,411	8,841,496	8,785,480	8,870,576	9,007,274	9,137,335	9,283,453
CIP CURRENT REVENUE APPROP.	0	0	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(8,010,602)	(8,326,894)	(8,430,728)	(8,559,512)	(8,692,503)	(8,828,738)	(8,968,298)
Labor Agreement	n/a	0	(70,544)	(70,544)	(70,544)	(70,544)	(70,544)
Retiree Health Insurance Pre-funding	n/a	n/a	12,820	25,380	38,860	41,630	41,630
Subtotal PSP Oper Budget Approp / Exp's	(8,010,602)	(8,326,894)	(8,488,452)	(8,604,676)	(8,724,187)	(8,857,652)	(8,997,212)
OTHER CLAIMS ON FUND BALANCE	24,416	13,006	(22,704)	0	0	0	0
TOTAL USE OF RESOURCES	(7,986,186)	(8,313,888)	(8,511,156)	(8,604,676)	(8,724,187)	(8,857,652)	(8,997,212)
YEAR END FUND BALANCE	674,225	527,608	274,324	265,899	283,087	279,683	286,241
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	7.8%	6.0%	3.1%	3.0%	3.1%	3.1%	3.1%

Notes

1. FY21 Estimate is based on 2nd quarter revenue and expenditure projections.
2. Pricing, Mail, and Records Management/Imaging rates are adjusted achieve cost recovery and maintain the year-end fund balance at the policy level.
3. The fund balance for this internal service should be between three and five percent.
4. The other claims on fund balance represents the OPEB liability allocation (GASB 75) and Prepays for Retiree Health Insurance.

FY22-27 FISCAL PROJECTION	Estimate - FY21	Projected - FY22	Projected - FY23	Projected - FY24	Projected - FY25	Projected - FY26	Projected - FY27
BEGINNING BALANCE	816,748	16,961,069	16,962,728	16,468,758	17,559,570	18,728,595	19,981,748
REVENUES							
Premium Contributions	244,448,684	258,277,779	278,897,158	298,204,752	318,551,917	340,382,065	363,809,069
Premium Contributions: Retiree Insurance NDA	47,106,273	50,618,652	49,980,443	54,068,516	57,176,486	60,493,521	64,030,341
Investment Income	5,750	1,660	3,580	8,950	12,530	12,530	12,530
TOTAL REVENUES	291,560,707	308,898,091	328,881,181	352,282,218	375,740,933	400,888,116	427,851,940
TOTAL FUNDS AVAILABLE	292,377,455	325,859,161	345,843,910	368,750,976	393,300,503	419,616,711	447,833,688
EXPENDITURES							
Claims, Premiums, & Carrier Administration	269,931,066	303,101,164	323,290,121	344,802,122	367,863,161	392,590,779	419,111,880
Actives	166,000,374	192,839,347	205,506,666	219,006,830	233,441,459	248,878,843	265,392,539
Retirees	103,930,692	110,261,818	117,783,454	125,795,292	134,421,702	143,711,936	153,719,341
In-house expenses	5,485,320	5,795,268	6,085,031	6,389,283	6,708,747	7,044,184	7,396,394
TOTAL EXPENDITURES	275,416,386	308,896,432	329,375,152	351,191,405	374,571,908	399,634,963	426,508,274
ENDING BALANCE	16,961,069	16,962,728	16,468,758	17,559,570	18,728,595	19,981,748	21,325,414
TARGET FUND BALANCE (5% OF EXPENDITURES)	13,770,820	15,444,820	16,468,760	17,559,570	18,728,600	19,981,750	21,325,410
ENDING BALANCE AS % OF EXPENDITURES	6.2%	5.5%	5.0%	5.0%	5.0%	5.0%	5.0%

FY22 Recommended Changes	Expenditures	FTEs
Add: Community Grant: YMCA of Metropolitan Washington, Inc. (To establish Long Branch Collective Action for Youth initiative, a collaborative effort to improve agency coordination and outcomes for youth.)	85,000	0.00
Add: Community Services Grant: Funding for Community Services Grants	60,987	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(10,417,374)	0.00
FY22 Recommended	9,705,874	0.00

☀ Compensation and Employee Benefit Adjustments

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

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

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

Management Leadership Service Performance-Based Pay Awards: In FY99, the County implemented the Management Leadership Service (MLS), which includes high-level County employees with responsibility for developing and implementing policy and managing County programs and services. The MLS was formed for a number of reasons, including improving the quality and effectiveness of service delivery through management training, performance accountability, and appropriate compensation; providing organizational flexibility to respond to organizational needs; allowing managers to seek new challenges; and developing and encouraging a government-wide perspective among the County's managers. In FY19, the County implemented the Police Leadership Service (PLS) to include lieutenants and captains in the Department of Police. MLS and PLS employees are not eligible for service increments. Performance-Based awards for MLS and PLS employees are funded in FY22.

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

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	1,182,046	1.18
Increase Cost: MLS/PLS Pay for Performance	2,000,000	0.00
Increase Cost: Health Insurance Cost Share adjustment	1,463,487	0.00

FY22 Recommended Changes	Expenditures	FTEs
Increase Cost: MLS/PLS Pay for Performance (Non-Tax Supported)	1,000,000	0.00
Increase Cost: FY22 Compensation Adjustment	1,127	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(15,573)	(0.05)
FY22 Recommended	5,631,087	1.13

☀ Conference and Visitors Bureau

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	1,632,834	0.00
Increase Cost: Backfill Revenue Shortfall to Maintain a Level-Funded FY21 budget	804,200	0.00
Decrease Cost: Operating Expenditures to Reflect Adjusted Revenue	(804,200)	0.00
FY22 Recommended	1,632,834	0.00

☀ Conference Center

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

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

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	535,405	1.00
Enhance: Conference Center Management Audit	50,000	0.00

FY22 Recommended Changes	Expenditures	FTEs
Increase Cost: FY22 Compensation Adjustment	1,417	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	3,598	0.00
FY22 Recommended	590,420	1.00

☀ Consolidated Retiree Health Benefit Trust - College

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	5,523,000	0.00
Increase Cost: County Contribution Based on Actuarial Valuation	85,000	0.00
FY22 Recommended	5,608,000	0.00

☀ Consolidated Retiree Health Benefit Trust - MCPS

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	69,358,879	0.00
Increase Cost: County Contribution Based on Actuarial Valuation	3,689,390	0.00
FY22 Recommended	73,048,269	0.00

☀ County Associations

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	74,728	0.00
FY22 Recommended	74,728	0.00

☀ Device Client Management

The Device Client Management (DCM) program oversees the annual replacement of personal computers (PCs); manages software patching, distribution and enterprise anti-malware systems which collectively help to secure the County's technology infrastructure; and, includes funding for Enterprise office productivity software. The program provides general IT support directly to departments and employees through the County's IT Help Desk, which receives over 70,000 requests for service annually. DCM is based on a best-practices approach to maintaining a modern and cost-effective computing environment.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	9,284,350	0.00
Increase Cost: Microsoft Annual License Renewal	1,477,416	0.00

☀ Grants To Municipalities in Lieu Of Shares Tax

This NDA funds payments required in accordance with State law. The 1968 Session of the General Assembly revised the tax structure to include a County income tax. As part of this restructuring, the shared tax on banks and financial institutions was eliminated, and a provision was adopted which requires counties to pay annually to municipalities the amount (\$28,020) that had been received by the municipalities in FY68.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	28,020	0.00
FY22 Recommended	28,020	0.00

☀ Group Insurance Retirees

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

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

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	47,106,273	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	3,512,379	0.00
FY22 Recommended	50,618,652	0.00

☀ Historical Activities

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

implemented by a contract between the Department of Public Libraries and MCAEL.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	1,857,058	0.00
Enhance: MCAEL operating and grant expenses	100,000	0.00
FY22 Recommended	1,957,058	0.00

Montgomery County Economic Development Corporation

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	5,007,750	0.00
Enhance: Support Entrepreneurship Development	300,000	0.00
Enhance: Establish an Entrepreneurs in Residence Fellowship Fund	250,000	0.00
Enhance: Support County's White Flint Project	250,000	0.00
Enhance: Expand Talent Pipeline/Workforce Development Partnership	100,000	0.00
Enhance: Support an Inclusive Economy Initiative (Minority Businesses and Ethnic Chambers)	100,000	0.00
FY22 Recommended	6,007,750	0.00

Montgomery County Employee Retirement Plans

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	0	0.00
FY22 Recommended	0	0.00

Motor Pool Fund Contribution

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	107,082	0.00

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	20,000	0.00
FY22 Recommended	20,000	0.00

☀ Public Elections Fund

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	0	0.00
Increase Cost: Public Election- Funding FY22	2,750,000	0.00
Add: Administrative Expenses - One Time	250,000	0.00
Increase Cost: Group Insurance Adjustment	434	0.00
Decrease Cost: Negating Group insurance adjustment	(434)	0.00
FY22 Recommended	3,000,000	0.00

☀ Public Technology, Inc.

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

Funds are budgeted each year to continue membership in PTI.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	20,000	0.00
Decrease Cost: Public Technology Annual Membership Cost Reduction	(15,000)	0.00
FY22 Recommended	5,000	0.00

☀ Retiree Health Benefits Trust

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

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

The County's policy is to pay the full amount of ADC each year. In FY11, the County Council enacted Bill 17-11 which established the Consolidated Retiree Health Benefits Trust. The Bill amended existing law and provided a funding mechanism to pay for other post employment benefits (OPEB) for employees of Montgomery County Public Schools and Montgomery County College. In FY15, the County and all other agencies implemented the Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This has reduced retiree drug insurance costs and the County's OPEB liability. The County achieved full pre-funding in FY15, consistent with Council resolution No. 16-555. In FY21, these contributions were budgeted at \$12.3 million (County General Fund), \$69.4 million (MCPS Consolidated Trust), and \$5.5 million (Montgomery College Consolidated Trust).

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	12,255,660	0.00
Decrease Cost: County Contribution Based on Actuarial Valuation	(1,425,680)	0.00
FY22 Recommended	10,829,980	0.00

Risk Management (General Fund)

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	22,231,024	0.00
Increase Cost: FY22 Claims increase	1,029,671	0.00
FY22 Recommended	23,260,695	0.00

Rockville Parking District

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

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

FY22 Recommended Changes	Expenditures	FTEs
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FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	418,700	0.00
Decrease Cost: Rockville Parking District	(700)	0.00
FY22 Recommended	418,000	0.00

Skills for the Future

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	250,000	0.00
FY22 Recommended	250,000	0.00

State Positions Supplement

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	60,756	0.00
FY22 Recommended	60,756	0.00

State Property Tax Services

This NDA funds the reimbursement to the State for three programs that support the property tax billing administration conducted by the Department of Finance: the Montgomery County's Homeowners Credit Supplement, the Homestead Credit Certification Program, and the County's share of the cost of conducting property tax assessments by the State Department of Assessments and Taxation. This NDA also funds the County Renters' Property Tax Relief Supplement (Bill 21-15) enacted in 2016 and administered by the Department of Finance.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	3,565,615	0.00
FY22 Recommended	3,565,615	0.00

State Retirement Contribution

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

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System

(MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the State Retirement System until 1965.) The County's contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule. The funding of the 40-year amortization schedule was completed in FY20.

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	3,754	0.00
FY22 Recommended	3,754	0.00

☀ Takoma Park Library Annual Payments

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	185,973	0.00
Decrease Cost: FY22 Reimbursement Calculation Decrease	(9,231)	0.00
FY22 Recommended	176,742	0.00

☀ Takoma Park Police Rebate

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	1,227,572	0.00
Increase Cost: FY22 Reimbursement Increase	35,683	0.00
FY22 Recommended	1,263,255	0.00

☀ Telecommunications

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

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	5,356,382	0.00
FY22 Recommended	5,356,382	0.00

MEMORANDUM

April 26, 2021

TO: County Council

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

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

As described on pages 11-13 of the staff report, the Council's compensation sustainability policy requires the Executive to explain how recommended compensation cost increases will be supported by additional revenues or spending reductions when recommended compensation growth exceeds the one- or six-year revenue growth projections.

On April 24, the Director of the Office of Management and Budget provided the following response:

As demonstrated in the FY22 Workforce/Compensation chapter, the FY22 budget saw an increase in personnel costs of 3.2% as compared to FY21 approved. In March 2021, the County Council approved a supplemental appropriation to provide compensation adjustments in FY21 not included in the original FY21 approved budget; these increases accounted for \$28.1m, or 2.4%, of the FY22 increase in compensation costs. The remaining increase in compensation costs combined for a 0.8% increase as compared to the FY21 approved, which matches the revenue rate of growth.

The growth in personnel costs as presented in the FY22 Workforce/Compensation chapter of 3.2% is approximately \$36.6 million. While the rate of total tax supported revenue growth is only estimated at 0.8% in FY22, the estimated rate of growth for tax supported MCG revenues is 2.05% (FY22 Recommended Schedule C-1). This is an increase of an estimated \$84.1 million in FY22, which fully accommodates the increase in FY22 personnel costs, including the FY21 compensation increases. It is widely anticipated that the rate of growth for FY22 represents a reduction from the typical rate of growth, and that over the next 6 years, there will be an average annual increase of 2.4%. The substantial majority of growth in FY22 personnel costs is related to the delayed implementation of FY21 compensation adjustments. The added increase from FY22 compensation represents modest growth within the estimates of the projected average annual increase, as well as the recent historical average increase.