



Committee: GO
Committee Review: At a future date
Staff: Robert H. Drummer, Senior Legislative Attorney
Purpose: To receive testimony – no vote expected
Keywords: #Retirement; #DROP

AGENDA ITEM 9
September 14, 2021
Public Hearing

SUBJECT

Expedited Bill 33-21, Personnel – Employee’s Retirement System – Group E - Amendments

EXPECTED ATTENDEES

Members of the Public

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Should resident supervisors in DOCR be eligible for the DROP?

DESCRIPTION/ISSUE

- The Bill would move resident supervisors working in DOCR from Group J of the Retirement Plan to Group E. This would make them eligible for the DROP currently available for sworn deputy sheriffs and uniformed correctional officers. The Bill would also clarify the application of credited service for employees who move from the GRIP to Group E.

SUMMARY OF KEY DISCUSSION POINTS

- What is the justification for making resident supervisors eligible for the DROP?

This report contains:

Staff Report	Pages 1-2
E-Bill 33-21	©1
Legislative Request Report	©6
County Attorney Bill Review Memorandum	©7
Fiscal Impact Statement	©8

\\Mcg-C058.Mcgov.Org\Central_Staff\LAW\BILLS\2132 Personnel - Settlement Agreements With No-Rehire Clause - Prohibited\PH Cover Sheet.Docx

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MEMORANDUM

September 9, 2021

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney

SUBJECT: Expedited Bill 33-21, Personnel – Employee’s Retirement System – Group E – Amendments

PURPOSE: Public Hearing – No Council vote required

Expedited Bill 33-21, Personnel – Employee’s Retirement System – Group E – Amendments, sponsored by Lead Sponsor Council President at the Request of the Executive, was introduced on July 27, 2021.¹ A Government Operations and Fiscal Policy Committee worksession is tentatively scheduled for October 11.

Bill 33-21 would move resident supervisors working in DOCR from Group J of the Retirement Plan to Group E. This would make them eligible for the Deferred Retirement Option Plan (DROP) currently available for sworn deputy sheriffs and uniformed correctional officers. The Bill would also clarify the application of credited service for employees who move from the GRIP to Group E.

Background

The Executive requested this Bill to implement an Agreement with MCGEO that was rejected by the Council in May 2020 when the Council approved a same services operating budget during the early stages of the COVID-19 pandemic. DOCR resident supervisors are currently in Group J of the Employees’ Retirement Plan. Group J is a defined benefit retirement plan that is identical to the Group E defined benefit plan for sworn deputy sheriffs and uniformed correctional officers except for eligibility to enter the DROP. This Bill would move these resident supervisors from Group J to Group E and thereby make them eligible to enter the DROP.

The DROP for sworn deputy sheriffs and uniformed correctional officers was established in Bill 20-15 pursuant to an Agreement with MCGEO. The DROP for Group E is similar to the Plans previously established for Fire and Rescue Employees and Sworn Police Officers. Under

¹ #Retirement; #DROP

the DROP, an eligible employee could choose to enter the DROP at full retirement. Once in the DROP, the employee would continue to work and receive his or her normal salary for up to 3 years. The employee would stop making retirement contributions and stop earning more service time for retirement while in the DROP. The County would pay the employee's retirement pension into a separate DROP account. The employee must choose investment options for these funds similar to the RSP. When the DROP period is over, the employee must leave County service and not return. The employee would receive the DROP account balance plus the pension the employee earned before entering the DROP with enhancements to the pension for cost-of-living adjustments the employee missed while in the DROP. As with the DROP for police and fire, the employee receives this enhanced retirement benefit in return for providing management with advance notice of retirement to aid management in succession planning. An employee in the DROP may leave County service prior to the completion of the 3-year DROP period.

The OMB fiscal impact report is based on an actuarial analysis of the additional cost to the County for permitting resident supervisors to enter the DROP under Group E (©8). The County's actuary estimated that the County's annual employer contribution for these 20 resident supervisors would increase \$23,531 and the County's accrued liability would increase \$167,760.

This packet contains:	<u>Circle #</u>
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Expedited Bill No. 33-21
Concerning: Personnel – Employee’s
Retirement System – Group E -
Amendments
Revised: July 21, 2021 Draft No. 1
Introduced: July 27, 2021
Expires: January 27, 2023
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the Request of the Executive

AN EXPEDITED ACT to:

- (1) move resident supervisors in the Department of Correction and Rehabilitation from Group J to Group E;
- (2) permit resident supervisors to participate in the Deferred Retirement Option Plan for sworn deputy sheriffs and uniformed correctional officers;
- (3) clarify the application of credited service for employees who move from the GRIP to Group E; and
- (4) generally amend the retirement laws.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-37; 33-38A; 33-41; and 33-45

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

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

28 exceed 3 years. Notwithstanding the foregoing provisions in
 29 group E, any employee who is eligible for membership in group
 30 E must participate in the guaranteed retirement income plan or
 31 the retirement savings plan under Article VIII if the employee:

32 (A) (i) begins, or returns to, County service on or after
 33 October 1, 1994 (except as provided in the last
 34 sentence of subsection (e)(2));

35 (ii) is not represented by an employee organization; and

36 (iii) does not occupy a bargaining unit position; or

37 (B) (i) begins County service on or after October 1, 1994;
 38 and

39 (ii) is subject to the terms of a collective bargaining
 40 agreement between the County and an employee
 41 organization which requires the employee to
 42 participate in the guaranteed retirement income plan
 43 or the retirement savings plan.

44 * * *

45 **Sec. 33-38A. Deferred Retirement Option Plans.**

46 * * *

47 (c) *DROP Plan for Sworn Deputy Sheriffs and Uniformed Correctional*
 48 *Officers.*

49 (1) *Uniformed correctional officer* means Correctional
 50 Officer I, Correctional Officer II, Correctional Officer III,
 51 Correctional Dietary Officer I, Correctional Dietary
 52 Officer II, Resident Supervisor I, Resident Supervisor II,
 53 Resident Supervisor III, Correctional Supervisor-
 54 Sergeant, Correctional Dietary Supervisor, Correctional

55 Shift Commander-Lieutenant, Correctional Unit
 56 Commander-Captain, Deputy Warden, and Warden. The
 57 Director of the Department of Corrections must not begin
 58 participation in the DROP after appointment as Director.

59 * * *

60 **33-41. Credited Service**

61 (a) *Member's credited service.*

62 (1) A member's credited service is the total service rendered under
 63 the employees' retirement system of Montgomery County, plus
 64 any credited service earned under the employees' retirement
 65 system of the State of Maryland and/or the Montgomery County
 66 police relief and retirement fund law plus any other credited
 67 service purchased or granted pursuant to this section.

68 (2) However, credited service earned while an individual is a
 69 participant in the elected officials' plan must be used only for the
 70 purposes described in Section 33-37(e) and Section 33-55A.
 71 Credited service earned while an individual is a participant in the
 72 retirement savings plan under Article VIII must be used only as
 73 provided in Section 33-37(i). Credited service earned while an
 74 individual is a participant in the GRIP must only be used for
 75 GRIP and must not be used as credited service while an
 76 individual is a member of the integrated plan. Notwithstanding
 77 the preceding sentence, for purposes of determining vested
 78 benefits in the integrated plan, a member must receive one year
 79 of credited service for each year of County service and one
 80 month of credited service for each month of County service
 81 during which the member contributed to a County retirement

LEGISLATIVE REQUEST REPORT

Expedited Bill 33-21, Personnel – Employee’s Retirement System – Group E - Amendments

DESCRIPTION:	The Bill would move resident supervisors working in DOCR from Group J of the Retirement Plan to Group E. This would make them eligible for the DROP currently available for sworn deputy sheriffs and uniformed corrections officers. The Bill would also clarify the application of credited service for employees who mover from the GRIP to Group E.
PROBLEM:	The Bill would implement an Agreement with MCGEO.
GOALS AND OBJECTIVES:	The goal is to implement the Agreement with MCGEO and provide parity of benefits with DOCR employees providing similar services.
COORDINATION:	Office of Labor Relations, Retirement Plans
FISCAL IMPACT:	OMB.
ECONOMIC IMPACT:	To be requested.
RACIAL EQUITY AND SOCIAL JUSTICE IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Steven Blivess, OLR, Linda Herman, Retirement Plans
APPLICATION WITHIN MUNICIPALITIES:	NA.
PENALTIES:	NA.




OFFICE OF THE COUNTY ATTORNEY

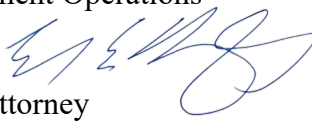
Marc Elrich
County Executive

Marc P. Hansen
County Attorney

MEMORANDUM

TO: Jennifer Harling
Chief Labor Relations Officer

VIA: Edward B. Lattner, Chief 
Division of Government Operations

FROM: Edward Haenftling 
Associate County Attorney

DATE: August 10, 2021

RE: Bill 33-21, Personnel - Employee's Retirement System - Group E - Amendments

Pursuant to the February 7, 2020, MOU with MCGEO, the County Executive is required to submit proposed Bill 33-21 to the Council for approval. The Bill would move resident supervisors working in DOCR from Group J of the Retirement Plan to Group E, making them eligible for the Deferred Retirement Option Plan currently available for sworn deputy sheriffs and uniformed correctional officers. The Council previously rejected this proposed legislation for FY21. But the County Executive is resubmitting it for FY 22 because the duration of the MOU is three years beginning July 1, 2020. There are no legal issues associated with this legislation.

ebl

cc: Ken Hartman, Director of Strategic Partnerships
Dale Tibbitts, Special Assistant to the CE
Marc Hansen, County Attorney
Robert H. Drummer, Sr. Legislative Attorney
Tammy Seymour, OCA

21-004322

Fiscal Impact Statement
Expedited Bill 33-21 Personnel – Employees’ Retirement System – Group E - Amendments

1. Legislative Summary.

Expedited Bill 33-21 adds Resident Supervisors to the list of positions eligible for participation in Group E of the Employees’ Retirement System (ERS) and allows those positions to participate in the DROP program for sworn deputy sheriffs and uniformed correctional officers.

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

The proposed legislation would allow employees in the position of Resident Supervisors to move from their current participation in Group J to Group E in the ERS and permit their participation in the DROP program. The ERS retirement contribution rates are set annual by the System’s actuary based on an annual valuation as of June 30th each year. As the retirement contribution rates are set for FY22, it is anticipated that there will be a minimal impact on employer contributions. The change from Group J to Group E will impact the employer contributions for approximately 20 individuals and will also allow them to be eligible for DROP. The net impact of this change, as estimated by the actuarial analysis performed by GRS, the retirement plan’s actuary, is approximately \$23,531 in additional County Contribution requirement. This net impact assumes the increased liability in Group E from additional members, who are also assumed to be eligible for DROP participation, and decreased liability in Group J from a reduced number of members who have shifted to Group E.

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

The current (FY21) County contribution rate for participants in Group E is 10.93%, while the Group J rate is 11.92%, and the rates for FY22 are 10.8% for Group E and 12.37% for Group J. These rates change annually, based on an actuarial analysis of the ERS. As the population in each Group adjusts slightly as a result of this legislation, it is anticipated that the rates of each Group will change, but the overall impact on County contributions between the two Groups will be minimal. There is no current estimate for these rates beyond the current estimates for FY22.

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

Actuarial analysis was performed to estimate the impact of the Resident supervisors shifting from Group J to Group E, which also includes eligibility for those members to participate in the DROP program. GRS estimated the overall change in accrued liability was \$167,760, which includes the increased County’s contribution requirement of \$23,531.

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

This bill does not authorize future spending.

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

It is estimated that minimal staff time will be needed to update the affected employee records to participate in the appropriate retirement plan.

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

It is not anticipated that implementation will affect other duties.

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

No additional appropriation is necessary.

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

Not applicable.

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

Future actuarial valuations all have a degree of uncertainty, but it is not anticipated that this legislation would have a meaningful impact on those valuations.

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

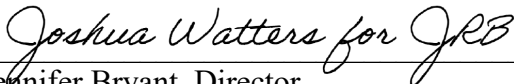
This legislation does not add new participants overall to Group E or Group J, but adjusts eligibility and participation between the two Groups.

12. Other fiscal impacts or comments.

Not applicable.

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

Corey Orlosky, Office of Management and Budget
Linda Herman, Executive Director, Montgomery County Employee Retirement Plans



Jennifer Bryant, Director
Office of Management and Budget

9/3/21

Date