


MEMORANDUM

December 12, 2016

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Action:** Expedited Bill 43-16, Retirement – Membership Groups – Group J – Established

Government Operations and Fiscal Policy Committee recommendation (3-0): enact Bill with amendments.

Expedited Bill 43-16, Retirement – Membership Groups – Group J - Established, sponsored by Lead Sponsor Council President at the request of the County Executive, was introduced on October 18, 2016. A public hearing was held on November 15 and a Government Operations and Fiscal Policy Committee worksession was held on December 12.

Bill 43-16 would establish Group J in the Employees' Retirement System and transfer employees in Group E who are not deputy sheriffs or correctional officers to Group J as of the effective date of this legislation.

Background

The County Code currently has group designations for all uniformed employees who participate in the ERS. There are employees currently participating in Group E, which is designated for deputy sheriffs and correctional officers, who are non-uniformed employees. Moving these non-uniformed employees into their own group would provide better information for the actuary to project the liability for their benefits and better track the participation by each retirement group. The Bill would not change the retirement benefits for these employees.

Public Hearing

There were no witnesses at the public hearing. Linda Herman, Executive Director of the Montgomery County Employee Retirement Plans, submitted written testimony in support of the Bill on behalf of the Executive. See ©19.

GO Worksession

Linda Herman, Executive Director for the Montgomery County Employee Retirement Plans, represented the Executive Branch. Robert Drummer, Senior Legislative Attorney,

represented the Council staff. The Committee discussed the Bill and the 2 amendments requested by staff. The Committee recommended (3-0) approval of the Bill with the 2 amendments.

Issues

1. Should the Bill define the specific positions included as a uniformed correctional officer?

After discussing the use of the term County correctional officer with Executive staff, we recommend that the actual positions that are considered uniformed correctional officers in Group E should be spelled out. Staff Amendment 1 would list the following positions as a uniformed County correctional officer - Correctional Officer I, Correctional Officer II, Correctional Officer III, Correctional Dietary Officer I, Correctional Dietary Officer II, Correctional Supervisor-Sergeant, Correctional Dietary Supervisor, Correctional Shift Commander-Lieutenant, Correctional Unit Commander-Captain, Deputy Warden, or Warden. Listing these positions would better clarify who remains in Group E and who is moved to the new Group J. **Committee recommendation (3-0):** approve Amendment 1. See lines 14-20 at ©2.

2. Technical amendment.

Council staff noticed after introduction that line 56 contains a reference to subparagraph (e)(7). This subparagraph does not currently exist. It would be added by Expedited Bill 36-16, Employees' Retirement System – Disability Retirement – Redetermination of Eligibility – Amendments, which has not been enacted. Amendment 2 would remove this reference. See line 62 at ©4. **Committee recommendation (3-0):** approve Amendment 2.

3. Should the Bill be enacted?

There was no testimony opposing the Bill. The Bill would move certain positions out of Group E and into a new Group J. It would not affect the retirement benefits for these employees. It would be consistent with the way uniformed and non-uniformed employees of the Police Department are split into 2 separate retirement groups. The Bill would enhance the information available to the actuaries when they project future liabilities for the retirement plans. **Committee recommendation (3-0):** enact the Bill with Amendments 1 and 2.

This packet contains:	<u>Circle #</u>
Expedited Bill 43-16	1
Legislative Request Report	13
Memo from County Executive	15
Fiscal and Economic Impact statement	16
Testimony of Linda Herman	19
Amendment 1	20
Amendment 2	21

Expedited Bill No. 43-16
Concerning: Retirement – Membership
Groups – Group J – Established
Revised: December 12, 2016 Draft No. 3
Introduced: October 18, 2016
Expires: April 18, 2018
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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

AN EXPEDITED ACT to:

- (1) establish Group J in the Employees' Retirement System;
- (2) transfer employees in Group E who are not sheriffs or correctional officers to Group J as of the effective date of the legislation; and
- (3) generally amend the law regarding the Employees' Retirement System.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-37, 33-38, 33-39, 33-42 and 33-43

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 temporary transfer from the group E position does not exceed 3
 29 years. Notwithstanding the foregoing provisions in group E, any
 30 employee who is eligible for membership in group E must
 31 participate in the guaranteed retirement income plan or the
 32 retirement savings plan under Article VIII if the employee:

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

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

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

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

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

45 * * *

46 (8) Group J: Any County member who works in a correctional
 47 facility and due to the required duties of the member's position,
 48 is designated by the Chief Administrative Officer. Any group J
 49 member who has reached elective early retirement date may
 50 retain membership in group J if the member transfers from the
 51 position which qualified the member for group J. Any group J
 52 member who is temporarily transferred from the position which
 53 qualified the member for group J may retain membership in
 54 group J as long as the temporary transfer from the group J

55 position does not exceed 3 years. Notwithstanding the foregoing
 56 provisions in group J, any employee who is eligible for
 57 membership in group J must participate in the guaranteed
 58 retirement income plan or the retirement savings plan under
 59 Article VIII if the employee:

60 (A) (i) begins, or returns to, County service on or after
 61 October 1, 1994 (except as provided in the last
 62 sentence of subsection (e)(2)) [[or (e)(7)]];]

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

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

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

67 (ii) is subject to the terms of a collective bargaining
 68 agreement between the County and an employee
 69 organization which requires the employee to
 70 participate in the guaranteed retirement income plan
 71 or the retirement savings plan.

72 (g) *Transfer from one group to another.* A member who elects to transfer
 73 from one membership group to another as a result of amendments to
 74 this Article must transfer by December 31, 1978, or forfeit this option.
 75 However, under paragraph 4, a group D member may transfer to group
 76 F at any time before the member's retirement date. Additional
 77 contributions made as a result of the transfer must not be treated as
 78 picked-up contributions.

79 (1) Transfers From Group A to Group E, F, G, [or] H, or J. Whenever
 80 a group A member transfers to a position which is qualified for
 81 membership in group E, F, G, [or] H, or J, the retirement service

82 credits earned as a group A member must be used for the purpose
83 of qualifying for retirement. Except for the contribution rate
84 increase as of the effective date of transfer, there will be no
85 additional charges levied on any member who is transferred prior
86 to July 1, 1970. Any member who transfers after July 1, 1970,
87 in addition to paying the contribution rate increase as of the
88 effective date of transfer, must pay the additional amount of
89 contributions that would have been paid as a member of group E,
90 F, G, [or] H, or J from July 1, 1970, or hire date, if later, plus
91 interest at the rate of 6 ½ percent per annum to date of full
92 payment.

- 93 (2) Transfers From Group B, D, E, F, [or] G, or J to Group A or H.
94 Whenever a group B, D, E, F, [or] G, or J member transfers to a
95 position which is qualified for membership in group A or H, the
96 retirement service credits earned as a group B, D, E, F, [or] G, or
97 J member must be used for the purpose of qualifying for
98 retirement as a group A or H member. The rate of contribution
99 must be decreased as of the date of transfer, and the difference in
100 member contributions must not be refunded. Notwithstanding
101 any other provision of this Article, any group E, [or] F, or J
102 member who has not met the elective early retirement date and
103 who transfers to group A or H must receive credited service at
104 the rate of 1.25 years of service for each full year of service as a
105 member of group E, [or] F, or J. Notwithstanding any other
106 provision of this Article, any group G member who has not met
107 the normal retirement date and who transfers to group A or H

108 must receive credited service at the rate of 1.25 years of service
109 for each full year of service as a member of group G.

110 (3) Transfers From Group B to Group E, F, [or] G, or J. Whenever a
111 group B member transfers to a position which is qualified for
112 membership in group E, F, [or] G, or J, the retirement date must
113 be adjusted accordingly. Except for the contribution rate increase
114 as of the effective date of transfer, there must be no additional
115 charges levied on any member who transferred on or before July
116 1, 1970. Any member who transfers after July 1, 1970, in
117 addition to paying the contribution rate increase as of the
118 effective date of transfer, must pay the additional amount of
119 contributions that would have been paid as a member of group E,
120 F, [or] G, or J from July 1, 1970, or hire date, if later, plus interest
121 at the rate of 6 ½ percent per annum to date of full payment.

122 (4) Transfers From Group D to Group E, F, [or] G, or J. A group D
123 member may transfer to group E, F, [or] G, or J and the
124 retirement service credits earned as a group D member must be
125 used for the purpose of qualifying for retirement under group E,
126 F, [or] G, or J. Except for the contribution rate increase as of the
127 effective date of transfer, there will be no additional charges
128 levied on any member who transferred on or before July 1, 1970.
129 Any member who transfers after July 1, 1970, in addition to
130 paying the contribution rate increase as of the effective date of
131 transfer, must pay the additional amount of contributions that
132 would have been paid as a member of group E, F, [or] G, or J
133 from July 1, 1970, plus interest at the rate of 6 ½ percent per
134 annum to date of full payment.

135 (5) Transfers From Group H to Group A, E, F, [or] G₂ or J. A group
 136 H member may transfer to group A, E, F, [or] G₂ or J and the
 137 retirement service credits earned as a group H member must be
 138 used for the purpose of qualifying for retirement under group A,
 139 E, F, [or] G₂ or J. Any member who transfers on or after July 1,
 140 1989, in addition to paying the contribution rate increase as of
 141 the effective date of transfer, must pay the additional amount of
 142 contributions that would have been paid as a member of group
 143 A, E, F, [or] G₂ or J from July 1, 1970, or hire date, if later, plus
 144 interest at the rate of 6 ½ percent per annum to date of full
 145 payment.

146 * * *

147 **33-38. Normal retirement date, mandatory retirement date, early retirement**
 148 **date, and trial retirement.**

149 (a) *Normal retirement date.* The normal retirement date is the first day of
 150 the month elected by a member after the member meets the years of
 151 service and age requirements for the applicable membership group. For
 152 normal retirement:

153 * * *

154 (8) Group J: The member must have at least:

155 (A) 15 years of credited service and be at least age 55; or

156 (B) 25 years of credited service and be at least age 46.

157 [(8)](9) * * *

158 [(9)](10) * * *

159 * * *

160 (c) *Early retirement date.*

- 161 (A) the group A member has at least 15 years of credited
- 162 service and has reached age 50, or has at least 20 years of
- 163 credited service and has reached age 45;
- 164 (B) the group B member has at least 15 years of credited
- 165 service and has reached age 45;
- 166 (C) the group E member has at least 15 years of credited
- 167 service and has reached age 45, or has at least 20 years of
- 168 credited service and has reached age 41;
- 169 (D) the group F member has at least 15 years of credited
- 170 service and has reached age 45, or has at least 20 years of
- 171 credited service and has reached age 41; [or]
- 172 (E) the group H member has at least 15 years of credited
- 173 service and has reached age 50, or has at least 20 years of
- 174 credited service and has reached age 45[.]; or
- 175 (F) the group J member has at least 15 years of credited
- 176 service and has reached age 45, or has at least 20 years of
- 177 credited service and has reached age 41.

33-39. Member contributions and credited interest.

(a) *Member contributions.* Each member of the retirement system must contribute a portion of the member’s regular earnings through regular payroll deductions.

(1) Member Contributions to the Optional Retirement Plan. A member of the Optional Retirement Plan must contribute the following percentage of regular earnings:

[A.](A)	*	*	*
[B.](B)	*	*	*
[C.](C)	*	*	*

188 [D.](D) Group E, F, [or] G, or J member, 9 ½ percent for
189 service beginning on the first pay period after June 30,
190 2011 and 10 ½ percent for service beginning on the first
191 pay period after June 30, 2012.

192 (2) Member Contributions to the Integrated Retirement Plan. A
193 member of the Integrated Retirement Plan must contribute the
194 following percentage of regular earnings:

195 * * *

196 (C) Group E and Group J, 5 ¾ percent for service beginning
197 on the first pay period after June 30, 2011 and 6 ¾ percent
198 for service beginning on the first pay period after June 30,
199 2012 up to the maximum Social Security wage base, and
200 9 ½ percent for service beginning on the first pay period
201 after June 30, 2011 and 10 ½ percent for service beginning
202 on the first pay period after June 30, 2012 of regular
203 earnings that exceed the wage base;

204 (b) *Credited interest.*

205 * * *

206 (3) Effective July 1, 1989, interest must be credited annually on each
207 member's accumulated contributions as of June 30, 1989, and
208 thereafter, as follows:

209 * * *

210 (D) For group E and J members, interest will be credited at a
211 rate of 4 percent per annum.

212 **33-42. Amount of pension at normal retirement date or early retirement date.**

213 * * *

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

215 (1) Pension amount for an Optional Retirement Plan member.

216 (A) Except for a Group E, F, [or] G, or J member, the annual
217 pension for a member of the optional retirement plan who
218 retires on a normal retirement must equal 2 percent of
219 average final earnings multiplied by years of credited
220 service, up to a maximum of 36 years, plus sick leave
221 credits. Years of credited service of less than one full year
222 must be prorated.

223 (B) For a Group E or Group J member who is a member of the
224 optional plan and retires on a normal retirement, the
225 annual pension must equal 2.4 percent of average final
226 earnings for each of the first 25 years of credited service
227 completed, and 2 percent of average final earnings for
228 each year of credited service of more than 25 years, to a
229 maximum of 31 years plus sick leave credits. Years of
230 credited service of less than one full year must be prorated.
231 Sick leave credits used for years in excess of 25 years must
232 be credited at 2 percent of average final earnings. The
233 maximum benefit with the application of sick leave credits
234 must not exceed 76 percent of average final earnings.

235 * * *

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

237 * * *

238 (C) For a Group E or Group J member in the integrated
239 retirement plan who retires on a normal retirement, the
240 annual pension must be computed as follows:

241 * * *

242 (d) *Adjustment for pension payments previously paid.*

243 * * *

244 (2) If a member receives service connected disability pension
 245 payments, and subsequently returns to work and re-enters the
 246 retirement system within 5 years of the date that disability
 247 retirement commenced and prior to attaining age 55, if a group
 248 A or H member, or age 45 if a group B, E, F, [or] G, or J member,
 249 the number of years of prior service, plus the number of years the
 250 member was on retirement, plus the number of years accrued
 251 after re-entering the system must be used in computing the
 252 amount of pension at subsequent retirement.

253 * * *

254 **Sec. 33-43. Disability Retirement**

255 * * *

256 (g) *Medical reexamination of disability retiree.* The Chief Administrative
 257 Officer must require a member receiving disability pension payments
 258 to undergo either a yearly physical examination or to submit a medical
 259 doctor's certificate verifying continuation of the disability during the 5
 260 years after retirement, and once in every 3 years thereafter, until age 55
 261 for a member of group B, E, F, [or] G, or J or age 60 for a member of
 262 group A or H, unless the Chief Administrative Officer finds that a
 263 physical examination is unnecessary because of the nature and severity
 264 of the injury or illness. The Chief Administrative Officer must review
 265 the findings of the physical examination and take appropriate action,
 266 which may include submitting the results of the evaluation to the
 267 Disability Review Panel for a redetermination whether the individual
 268 qualifies for disability benefits in accordance with subsection (d). If a
 269 member does not submit to the examination, the Chief Administrative
 270 Officer may reduce or discontinue any disability pension payments

271 which the member receives. The Disability Review Panel may require
272 the member to submit to an additional independent medical
273 examination. A member may appeal a decision to reduce or discontinue
274 disability pension payments to the appropriate Disability Arbitration
275 Board.

276 * * *

277 **Sec. 2. Expedited Effective Date.**

278 The Council declares that this legislation is necessary for the immediate
279 protection of the public interest. This Act takes effect on the date on which it becomes
280 law. Any active group E member who is not a County correctional officer or a sworn
281 deputy sheriff must become a group J member on the date this law takes effect.

282

283 *Approved:*

284

285

Roger Berliner, President, County Council

Date

286 *Approved:*

287

Isiah Leggett, County Executive

Date

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

289

Linda M. Lauer, Clerk of the Council

Date

290

LEGISLATIVE REQUEST REPORT

Expedited Bill 43-16

Retirement – Membership Groups – Group J - Established

DESCRIPTION: The legislation creates Group J in the Employees' Retirement System (ERS) for employees who are currently in Group E and do not hold the position of Deputy Sheriff or Correctional Officer. The new group J will serve to distinguish, for actuarial and administrative purposes, their participation in the ERS. Deputy Sheriffs and Correctional Officers would remain in Group E while all other County employees currently in Group E would transfer to a new Group J.

This legislation does not change the retirement benefits provided to either Group E or Group J participants. The sole purpose of the legislation is to segregate the two groups in the same fashion as the County Code does currently for Police, Fire and non-uniformed employees who participate in the ERS.

PROBLEM: The County Code currently has group designations for all uniformed employees who participate in the ERS. There are employees currently participating in Group E, which is designated for deputy sheriffs and correctional officers, who are non-uniformed employees. Moving these non-uniformed employees into their own group would provide better information for the actuary to project the liability for their benefits and better track the participation by each retirement group.

GOALS AND OBJECTIVES: To divide Group E of the Employees' Retirement System (ERS) into two different groups. Deputy Sheriffs and Correctional Officers would remain in Group E while all other designated correctional staff would transfer to a new Group J.

COORDINATION: Montgomery County Employee Retirement Plans & the Office of Human Resources

FISCAL IMPACT: Office of Management and Budget

ECONOMIC IMPACT: Department of Finance

EVALUATION: N/A

**EXPERIENCE
ELSEWHERE:** N/A

**SOURCE OF
INFORMATION:** Shawn Stokes, Director OHR
Linda Herman, Montgomery County Employee Retirement Plans

**APPLICATION
WITHIN
MUNICIPALITIES:** N/A

PENALTIES: N/A

F:\LAW\BILLS\1643 Retirement-Membership Groups-Group JLRR.Doc

Bill



BD
CE
SIB
has → L
AM
JH
JF

2016 SEP 27 AM 10: 27

OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

RECEIVED
MONTGOMERY COUNTY
COUNCIL

Isiah Leggett
County Executive

MEMORANDUM

September 28, 2016

TO: Nancy Floreen, President
Montgomery County Council

FROM: Isiah Leggett, County Executive *Timothy L. Firestone (Acting)*

SUBJECT: Legislation to Amend Chapter 33, Personnel and Human Resources.

I am attaching for the Council's consideration a bill that would amend the County's retirement law to create Group J in the Employees' Retirement System (ERS) for employees who are currently in Group E and do not hold the position of Sheriff or Correctional Officer. The new group J will serve to distinguish, for actuarial projection and administrative purposes, their participation in the ERS. Deputy Sheriffs and Correctional Officers would remain in Group E while all other County employees currently in Group E would transfer to a new Group J.

This legislation does not change the retirement benefits provided to either Group E or Group J participants. The sole purpose of the legislation is to segregate the two groups in the same fashion as the County Code does currently for Police, Fire and non-uniformed employees who participate in the ERS.

Thank you for your consideration of this matter.

Attachments: Fiscal Impact Statement
Draft legislation

c: Shawn Stokes, Director, OHR
Linda Herman, Executive Director, MCERP



Fiscal Impact Statement
Council Bill XX-16 Employees' Retirement System – Establish Group J

1. Legislative Summary.

Bill XX-16 would:

- establish Group J in the Employees' Retirement System (ERS);
- transfer employees in Group E who are not sheriff's deputies or correctional officers to Group J as of the effective date of the legislation;
- serve to distinguish, for actuarial projection and administrative purposes, the participation in ERS of employees who are not sheriff's deputies or correctional officers; and
- generally amend the law regarding the Employees' Retirement System.

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.

Expenditures related to setting up the new retirement plan (Group J) within Oracle, the workforce system of record within Montgomery County, are expected to be at least \$41,300 in FY17, for approximately 340 hours of staff time. Expenditures in subsequent fiscal years for any routine maintenance of the plan are expected to be minimal. These costs will be absorbed within the Department of Technology Services, Enterprise Resource Planning (ERP), during FY17. ERP resources will cover the creation of a new retirement code, moving employees from their current retirement code to the new code, updating PeopleSoft interface files, and other administrative tasks. After Group J is set up, additional staff and contractor time within the Montgomery County Employee Retirement Plan (MCERP) office to administer the plan separate from work on other plans is expected to be de minimus.

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

See #2

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

See #2

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

Not applicable. Although this bill involves the retirement system, it will simply place employees who are not sheriff's deputies or correctional officers into a retirement plan identical to what they have now. Retirement benefits available to these employees in Group J will not change.

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

Not applicable

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

See #2.

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

This work would be absorbed by current ERP staff, and other work may be displaced while implementation of Group J occurs in FY17.

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

An additional appropriation is not assumed as part of this analysis.

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

The estimate described in #2 will vary to the degree that the staff hours ultimately necessary to establish the new Group J vary from the projection.

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

No applicable

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

Not applicable

13. Other fiscal impacts or comments.

Not applicable

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

Linda Herman, Director, Montgomery County Employee Retirement Plans
Corey Orlosky, Office of Management and Budget
Lori O'Brien, Office of Human Resources
Amanda Hardy-Konkus, Enterprise Resource Planning



Jennifer A. Hughes, Director
Office of Management and Budget

9/23/16

Date

Economic Impact Statement
Bill XX-16, Employees' Retirement System – Establish Group J

Background:

Bill XX-16 would:

- establish Group J in the Employees' Retirement System (ERS);
- transfer employees in Group E who are not sheriff's deputies or correctional officers to Group J as of the effective date of the legislation;
- serve to distinguish, for actuarial projection and administrative purposes, the participation in ERS of employees who are not sheriff's deputies or correctional officers; and
- generally amend the law regarding the Employees' Retirement System.

1. The sources of information, assumptions, and methodologies used.

Not Applicable.

2. A description of any variable that could affect the economic impact estimates.

There are no variables under this legislation that could have a substantive economic impact on the County.

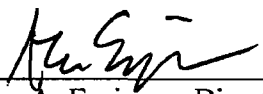
3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.

The legislation does not have an economic impact on the County because it will simply place employees who are not sheriff's deputies or correctional officers into a retirement plan that is identical to what they have currently. Retirement benefits available to these employees in Group J will not change. Moving the non-uniformed employees into their own group will result in additional clarity for actuarial projections of the liability and better tracking of participation by retirement group.

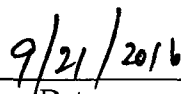
4. If a Bill is likely to have no economic impact, why is that the case?

Please see the answer to question 3.

5. The following contributed to or concurred with this analysis: David Platt, Dennis Hetman, and Robert Hagedoorn, Finance.



Alexandre A. Espinosa, Director
Department of Finance



Date

\

**TESTIMONY ON BEHALF OF THE COUNTY EXECUTIVE LEGGETT ON
EXPEDITED BILL 43-16E, EMPLOYEES' RETIREMENT SYSTEM –
MEMBERSHIP GROUPS – ESTABLISHMENT GROUP J**

Good afternoon. I am Linda Herman, Executive Director of the Montgomery County Employee Retirement Plans, which oversees the assets and the administration of the County's three retirement plans. I am here today on behalf of the County Executive to testify in support of Bill 43-16E, Employees' Retirement System – Membership Groups – Establishment of Group J.

The legislation creates Group J in the Employees' Retirement System (ERS) for employees who are currently in Group E and do not hold the position of Deputy Sheriff or Correctional Officer. The new group J will serve to distinguish, for actuarial and administrative purposes, their participation in the ERS. Deputy Sheriffs and Correctional Officers would remain in Group E while all other County employees currently in Group E would transfer to a new Group J.

This legislation does not change the retirement benefits provided to either Group E or Group J participants. The sole purpose of the legislation is to segregate the two groups in the same fashion as the County Code does currently for Police, Fire and non-uniformed employees who participate in the ERS.

The County Code currently has group designations for all uniformed employees who participate in the ERS. There are employees currently participating in Group E, which is designated for deputy sheriffs and correctional officers that are non-uniformed employees. We would like to move the non-uniformed employees into their own group which would result in providing clearer information to the actuary for projections of the liability as well as better tracking of participation by retirement group.

We look forward to working with the Council in its deliberations on this legislation.

Amendment 1 - Defining Uniformed Correctional Officer

Amend lines 9-26 as follows:

- (4) Group E: The Chief Administrative Officer, the Council Administrator, the hearing examiners, the County Attorney and each head of a principal department or office of the County government, if appointed to that position before July 30, 1978, or a member having held that position on or before October 1, 1972. Any sworn deputy sheriff or uniformed County correctional officer in the position of Correctional Officer I, Correctional Officer II, Correctional Officer III, Correctional Dietary Officer I, Correctional Dietary Officer II, Correctional Supervisor-Sergeant, Correctional Dietary Supervisor, Correctional Shift Commander-Lieutenant, Correctional Unit Commander-Captain, Deputy Warden, or Warden [and any County correctional staff or officer as designated by the chief administrative officer]. Any group E member who has reached elective early retirement date may retain membership in group E if the member transfers from the position which qualified the member for group E. Any group E member who is temporarily transferred from the position which qualified the member for group E may retain membership in group E as long as the temporary transfer from the group E position does not exceed 3 years. Notwithstanding the foregoing provisions in group E, any employee who is eligible for membership in group E must participate in the guaranteed retirement income plan or the retirement savings plan under Article VIII if the employee:

Amendment 2 - Technical Amendment

Amend lines 54-56 as follows:

- (A) (i) begins, or returns to, County service on or after October 1, 1994 (except as provided in the last sentence of subsection (e)(2)) [[or (e)(7)]];

F:\LAW\BILLS\1643 Retirement-Membership Groups-Group J\Technical Amendment.Docx