

MEMORANDUM

January 16, 2024

TO: Government Operations & Fiscal Policy Committee

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Expedited Bill 46-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments

PURPOSE: Worksession – Committee recommendation expected

Expected Attendees

Ken Hartman, Director of Strategic Partnerships, Office of the County Executive (invited)
Chief Marcus Jones, Montgomery County Police Department (invited)
George Lacy, Office of Labor Relations
Shantée Jackson, Office of Management and Budget (OMB)
Willie Morales, OMB
Gino Renne, President, Municipal and County Government Employees Organization (invited)

Expedited Bill 46-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments, sponsored by Lead Sponsor Councilmember Katz and Co-sponsored by Councilmembers Jawando, Luedtke, Albornoz, Council Vice-President Stewart, Councilmembers Sayles, Mink, Balcombe, Council President Friedson, and Councilmember Fani-González, was introduced on December 12, 2023. A public hearing is being held on January 16, 2024 and a Government Operations and Fiscal Policy (GO) Committee worksession is scheduled for January 18, 2024.

Expedited Bill 46-23 would:

- (1) extend from January 4, 2024, to August 7, 2024, the deadline for eligible County employees enrolled in Groups E and J of the Employees' Retirement System to elect to purchase credited years of service with their existing Retirement Savings Plan or Guaranteed Retirement Income Plan balances; and
- (2) generally amend the law regarding the Employees' Retirement System.

BACKGROUND/PURPOSE

On August 7, 2023, Expedited Bill 20-23 took effect to implement certain provisions of the Memorandum of Agreement between the Montgomery County Government and the Municipal & County Government Employees Organization, UFCW, Local 1994 (MCGEO). Under the expedited bill, certain classes of employees became eligible to participate in the Group E and Group J retirement plans.

Specifically, the following job classes for employees working in the Emergency Communications Center became eligible for pension benefits: Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager 2.

Under the expedited bill, the newly eligible employees had 150 days in which to make a one-time purchase of credited service with their existing guaranteed retirement income plan or retirement savings plan balances. The 150-day deadline expired on January 4, 2024.

The purpose of Expedited Bill 46-23 is to extend that 150-day deadline until August 7, 2024. This would allow newly eligible employees a longer period of time in which to make the election.

BILL DESCRIPTION

Expedited Bill 46-23 would extend from January 4, 2024, to August 7, 2024, the deadline for certain newly eligible County employees enrolled in Groups E and J of the Employees' Retirement System to elect to purchase credited years of service with their existing Retirement Savings Plan or Guaranteed Retirement Income Plan balances.

The bill would apply retroactively to January 4, 2024, in order to provide for an uninterrupted extension of the time to make the elections to purchase credited service under the pension plans.

SUMMARY OF IMPACT STATEMENTS

Fiscal impact. The Office of Management and Budget “The bill is not expected to impact County expenditures or revenues.”

Racial equity and social justice. The Office of Legislative Oversight (OLO) anticipates Expedited Bill 46-23 will have a minimal impact on RESJ in the County. Extending the timeframe for eligible employees to elect to purchase credited years of service with their existing retirement plan balances is unlikely to meaningfully impact racial inequities and disparities in retirement.

Climate assessment. The Office of Legislative Oversight (OLO) anticipates Expedited Bill 46-23 will have no impact on the County’s contribution to addressing climate change as it is proposing the extension of a deadline for a County retirement program.

Economic impact. The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 46-23 would have an insignificant impact on economic conditions in the County in terms of the Council’s priority indicators.

SUMMARY OF PUBLIC TESTIMONY

The public hearing on Bill 46-23 is scheduled for January 16, 2023.

ISSUES FOR THE COMMITTEE’S CONSIDERATION

The Committee might wish to ask Executive staff:

- to discuss the need for the extension; and
- to address how eligible staff will be made aware of their option to purchase credited years of service.

This packet contains:

Expedited Bill 46-23
Fiscal Impact Statement
Economic Impact Statement
Racial Equity and Social Justice Impact Statement
Climate Assessment
[Link to Enacted Bill 20-23](#)
[Link to Final Action Staff Report for Bill 20-23](#)

Circle #

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Expedited Bill No. 46-23
Concerning: OPT/SLT Bargaining Units – Pension and Retirement Adjustments
Revised: 12/12/2023 Draft No. 2
Introduced: December 12, 2023
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Katz
Co-Sponsors: Councilmembers Jawando, Luedtke, and Albornoz, Council Vice-President Stewart,
Councilmembers Sayles, Mink, and Balcombe, Council President Friedson, and Councilmember
Fani-González

AN EXPEDITED ACT to:

- (1) extend from January 4, 2024, to August 7, 2024, the deadline for eligible County employees enrolled in Groups E and J of the Employees’ Retirement System to elect to purchase credited years of service with their existing Retirement Savings Plan or Guaranteed Retirement Income Plan balances; and
- (2) generally amend the law regarding the Employees’ Retirement System.

By amending:

Montgomery County Code
Chapter 33, Personnel and Human Resources
Section 33-41

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:

26 of 0 years, unless the employee is otherwise eligible to
 27 purchase other service credits provided for in this section.

28 (2) Eligible employees who elect to purchase credited service under
 29 this subsection may not apply any years of service while a member
 30 of the guaranteed retirement income plan or the retirement savings
 31 plan for the purposes of calculating years of service under either
 32 the optional retirement plan or the integrated retirement plan.

33 (3) Eligibility for early or normal retirement will be based upon the
 34 credited service at the time the employee enters Group E plus any
 35 credited service purchased by the employee.

36 (4) The vesting provisions in subsection (a)(2) will apply to employees
 37 listed in subsection (r)(1) regardless of whether they elect to
 38 purchase service credit under this subsection.

39 (s) *Positions added to Group J eligibility.*

40 (1) Notwithstanding subsection (a)(2), a County member who was
 41 hired on or before July 1, 2023, and who was participating in the
 42 guaranteed retirement income plan or the retirement savings plan
 43 prior to Group J eligibility, and who becomes Group J eligible after
 44 July 1, 2023 may:

45 (A) make a one-time irrevocable election to purchase credited
 46 service with their entire existing guaranteed retirement
 47 income plan or retirement savings plan balances [within 150
 48 days of Group J eligibility] up to and including August 7,
 49 2024, in accordance with an actuarial determination of the
 50 value transferred; or

51 (B) retain guaranteed retirement income plan or retirement
52 savings plan balances, will no longer participate in the
53 guaranteed retirement income plan or retirement savings
54 plan, and will enter Group J with a credited service balance
55 of 0 years, unless the employee is otherwise eligible to
56 purchase other service credits provided for in this section.

57 (2) Eligible employees who elect to purchase credited service under
58 this subsection may not apply any years of service while a member
59 of the guaranteed retirement income plan or the retirement savings
60 plan for the purposes of calculating years of service under either
61 the optional retirement plan or the integrated retirement plan.

62 (3) Eligibility for early or normal retirement will be based upon the
63 credited service at the time the employee enters Group J plus any
64 credited service purchased by the employee.

65 (4) The vesting provisions in subsection (a)(2) will apply to employees
66 listed in subsection (s)(1) regardless of whether they elect to
67 purchase service credit under this subsection.

68 * * *

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

72 **Sec. 3. Retroactive Application.** This Bill applies retroactively to January 4,
73 2024, in order to provide for an uninterrupted extension of the time to make the
74 elections described in Sec. 1.

Fiscal Impact Statement

Office of Management and Budget

Bill 46-23

OPT/SLT Bargaining Units - Pension and Retirement Adjustments

Bill Summary

Expedited Bill 46-23 extends the deadline for eligible County employees enrolled in Groups E and J of the Employees' Retirement System to elect to purchase credited years of service.

Fiscal Impact Summary

The bill is not expected to impact County expenditures or revenues.

Fiscal Year	2024	2025	2026	2027	2028	2029	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

The bill extends the deadline for eligible County employees enrolled in Groups E and J of the Employees' Retirement System to elect to purchase credited years of service and has no impact on County expenditures or revenues.

Staff Impact

The bill is not expected to impact staff time or duties.

Actuarial Analysis

The bill is not expected to impact retiree pension or group insurance costs.

Information Technology Impact

The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.

Other Information

Later actions that may impact revenue or expenditures if future spending is projected

The bill does not authorize future spending.

Contributors

Yan Yan, Montgomery County Employee Retirement Plans
Shantee Jackson, Office of Management and Budget



Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 46-23

OPT/SLT Bargaining Units – Pension and Retirement Adjustments

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 46-23 would have an insignificant impact on economic conditions in the County in terms of the Council’s priority indicators.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 46-23

In August 2023, Expedited Bill 20-23 took effect and made certain County employees eligible to participate in Group E and Group J retirement plans. The Bill established a 150 day deadline in which newly eligible employees would be able to elect to purchase credited years of service with their existing retirement plans.¹

Expedited Bill 46-23 would extend the deadline for eligible County employees to elect to purchase credited years of service with their existing retirement plans, from January 4, 2024 to August 7, 2024. This would allow a longer period of time for newly eligible employees to make the election.²

Expedited Bill 46-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments was introduced by the County Council on December 12, 2023.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess the impacts of Expedited Bill 46-23 on County-based private organizations and residents in terms of the Council’s priority economic indicators and whether the Bill would likely result in a net positive or negative impact on overall economic conditions in the County.³ The fiscal impact statement determined that the Bill would have no impacts on County expenditures. For this reason, OLO anticipates that the Bill would have insignificant impacts on private organizations, residents, and overall economic conditions in the County in terms of the indicators prioritized by the Council.

VARIABLES

Not applicable

IMPACTS

¹ “Introduction Staff Report on Expedited Bill 46-23.”

² Ibid.

³ Montgomery County Code, Sec. 2-81B, Economic Impact Statements.

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

Not applicable

DISCUSSION ITEMS

Not applicable

WORKS CITED

[“Introduction Staff Report on Expedited Bill 46-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments.”](#)
Montgomery County Council, December 12, 2023.

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements.](#)

CAVEATS

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

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

EXPEDITED OPT/SLT BARGAINING UNITS – PENSION AND BILL 46-23: RETIREMENT ADJUSTMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 46-23 will have a minimal impact on RESJ in the County. Extending the timeframe for eligible employees to elect to purchase credited years of service with their existing retirement plan balances is unlikely to meaningfully impact racial inequities and disparities in retirement.

PURPOSE OF RESJ IMPACT STATEMENTS

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

PURPOSE OF EXPEDITED BILL 46-23

In August 2023, Expedited Bill 20-23 took effect and made certain County employees eligible to participate in Group E and Group J of the County's Employees' Retirement System. The Bill established a 150-day deadline in which newly eligible employees could elect to purchase credited years of service with their existing retirement plan balances.³

Expedited Bill 46-23 would extend the deadline for eligible County employees to elect to purchase credited years of service with their existing retirement plan balances from January 4, 2024 to August 7, 2024. This would provide a longer time period for newly eligible employees to make the election.⁴

Expedited Bill 46-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments, was introduced by the County Council on December 12, 2023.

In May 2023, OLO published a RESJIS for Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments.⁵ Please refer to this RESJIS for background on retirement and racial equity.

ANTICIPATED RESJ IMPACTS

OLO anticipates Bill 46-23 will have a minimal impact on RESJ in the County. Extending the timeframe for eligible employees to elect to purchase credited years of service with their existing retirement plan balances is unlikely to meaningfully impact racial inequities and disparities in retirement.

RESJ Impact Statement

Expedited Bill 46-23

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.⁶ OLO anticipates Expedited Bill 46-23 will have a minimal impact on RESJ in the County. As such, OLO does not offer recommended amendments.

CAVEATS

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

CONTRIBUTIONS

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

¹ Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

² Ibid.

³ [Introduction Staff Report for Expedited Bill 46-23](#), Montgomery County Council, Introduced December 12, 2023.

⁴ Ibid.

⁵ [RESJ Impact Statement for Bill 20-23](#), Office of Legislative Oversight, May 3, 2023.

⁶ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

Climate Assessment

Office of Legislative Oversight

Expedited OPT/SLT Bargaining Units – Pension and Bill 46-23: Retirement Adjustments

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 46-23 will have no impact on the County's contribution to addressing climate change as it is proposing the extension of a deadline for a County retirement program.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 46-23

In August 2023, Expedited Bill 20-23 took effect and made certain County employees eligible to participate in Group E and Group J retirement plans. The Bill established a 150 day deadline in which newly eligible employees would be able to elect to purchase credited years of service with their existing retirement plans.¹

Expedited Bill 46-23 would extend the deadline for eligible County employees to elect to purchase credited years of service with their existing retirement plans, from January 4, 2024 to August 7, 2024. This would allow a longer period of time for newly eligible employees to make the election.²

Expedited Bill 46-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments was introduced by the County Council on December 12, 2023.

ANTICIPATED IMPACTS

As the bill proposes the extension of a deadline for a County retirement program, OLO anticipates it will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.³ OLO does not offer recommendations or amendments as Expedited Bill 46-23 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

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

PURPOSE OF CLIMATE ASSESSMENTS

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

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

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ [Introduction Staff Report for Expedited Bill 46-23, OPT/SLT Bargaining Units - Pension and Retirement Adjustments](#), Montgomery County Council, Introduced December 12, 2023

² Ibid.

³ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022