

MEMORANDUM

April 29, 2024

TO: Government Operations & Fiscal Policy Committee

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Bill 9-24, Group G Pension – Social Security Integration

PURPOSE: **Worksession** – Committee recommendation expected

Invited Attendees

Jennifer Harling, Office of Labor Relations
George Lacy, Office of Labor Relations
Shantee Jackson, Office of Management and Budget
Jeffrey Buddle, President, Montgomery County Career Firefighters, International
Association of Fire Fighters, Local 1664, AFL-CIO

Bill 9-24, Group G Pension – Social Security Integration, sponsored by the Council President at the request of the County Executive, was introduced on April 9, 2024. A public hearing is scheduled for April 30, 2024.

Bill 9-24 would:

- (1) amend Group G pension amount for the Integrated Retirement Plan; and
- (2) generally amend the law regarding retirement benefits for Group G members.

The bill is proposed by the County Executive, as a result of the newly negotiated Memorandum of Agreement between the Montgomery County Government and the International Association of Fire Fighters, Local 1664, AFL-CIO (IAFF). Article 51 of the Agreement required the Executive to submit the agreed upon legislation no later than September 2024.

Under the bill, eligible bargaining unit members in Group G of the Integrated Retirement Plan would receive enhanced pension benefits via an increase in their social security integration age under Section 33-42 of the County Code.

BACKGROUND

Pension enhancements for MCGEO and FOP members were negotiated last year. The Council enacted those enhancements through Expedited Bill 20-23 and Expedited Bill 19-23.

Under Expedited Bill 20-23, social security integration for the MCGEO pension plans was altered so that retired sheriffs and retired uniformed correctional officers would continue to receive their full pension amount from the County until reaching the maximum Social Security benefit age (which is currently 70).

BILL SPECIFICS

Similar to Expedited Bill 20-23 (which applies to eligible MCGEO members), Bill 9-24 would delay the integration age of eligible IAFF retirees until the maximum Social Security benefit age (currently 70). Under existing law, the integration age is either 65 or 67, depending upon the retiree's date of birth.

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact. County expenditures would increase by approximately \$600,000 in FY25, and \$1.2 to \$1.3 million annually after FY25. A detailed actuarial analysis provides additional detail at ©40-52.

Actuarial Analysis. “Increasing the age at which the benefit decreases is expected to both increase the actuarial liabilities and the County contribution rate (and the total contribution requirements of the System) and decrease the funded ratio.

“Following is a summary of the estimated funded ratio (based on the actuarial value of assets) and change in funded ratio based on the proposed change.”

	Baseline	Phase Experience Study	Scenario 1 – Benefit Reduces at Age 70	Change from Phase 2 Experience Study Results
Group G	91.7%	92.2%	91.4%	-0.8%
Total ERS	98.6%	98.7%	98.5%	-0.2%

Economic Impact. “The Office of Legislative Oversight (OLO) anticipates Bill 9-24 would have a negative impact on economic conditions in the County in terms of the Council's priority indicators. By adjusting the Social Security retirement age in calculating pensions for Group G employees, the Bill would increase the actuarial value of income for current and future Montgomery County Fire and Rescue Service (MCFRS) retirees. Based on the low rates of County residence among retired MCFRS employees, a minor share of the income increase likely would go to residents. The remainder would constitute significant capital outflows in the form of government revenue used to fund pension increases for the majority of MCFRS employees who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations. Moreover, capital outflows caused by the policy change would occur indefinitely if low rates of County residence among MCFRS retirees continue. Because there are no indications current residence patterns among current and retired MCFRS employees will drastically change, OLO believes the negative impacts of the Bill would be significant in the long term.”

Racial Equity and Social Justice Impact Statement. “The Office of Legislative Oversight (OLO) anticipates Bill 9-24 will have a negative impact on racial equity and social justice (RESJ) in the County as it disproportionately benefits White employees and retirees of the Montgomery County Fire and Rescue Service at the expense of reducing \$1.2 million annually in operating budget revenue for other County programs that serve all residents. OLO offers one policy option for Council consideration....

“Should the Council seek to improve the RESJ impact of this Bill, the following policy option can be considered:

- Review findings and recommendations from comprehensive equity assessment with MCFRS staff and BIPOC community stakeholders. In September 2022, the National Academy of Public Administration (NAPA) published a comprehensive equity assessment for MCFRS. NAPA was tasked with evaluating the following areas in MCFRS through the lens of Diversity, Equity, and Inclusion (DEI):
 - Internal practices (recruiting, hiring, training, promotions, evaluations);
 - Member perceptions of organizational commitment to DEI;
 - Knowledge of community characteristics;
 - Citizen complaints and outcomes;
 - Emergency and non-emergency calls for service; and
 - Trust and knowledge of the Equal Employment Opportunity (EEO) complaint process.

The Council could discuss findings and recommendations from the report with MCFRS staff and BIPOC community stakeholders to identify policy solutions and investments for diversifying the MCFRS workforce, including volunteers, and addressing other RESJ concerns arising from the assessment. For instance, the report recognized that reactivating and investing in MCFRS’s high school cadet program, including making it a paid program, could be a promising strategy for increasing diversity in MCFRS.” (footnotes omitted).

Climate Assessment. “The Office of Legislative Oversight (OLO) anticipates Bill 9-24 will have no impact on the County’s contribution to addressing climate change as it is proposing changes to retirement plans for certain County employees.”

SUMMARY OF PUBLIC TESTIMONY

The public hearing will occur on April 30. Any testimony received at the public hearing will be added to this report as an addendum.

ISSUES FOR THE COMMITTEE’S CONSIDERATION

The Committee might wish to discuss the effective date of the bill. Council staff has asked Executive staff if a certain effective date was intended by the parties. Ms. Harling responded:

The parties’ understanding was that the effective date would be after the amendments to the Code were adopted and the changes would only apply to retirement applications filed after the adoption of the legislation. The County anticipated a January 2025 effective date and that is what the FIS shows. Ultimately, the effective date is determined by Council.

If the Council wishes to adopt a January 1, 2025 implementation date – as contemplated by the FIS, it could amend lines 49-53 of the bill to read as follows.

(v) Effective [[the effective date of this amendment]] January 1, 2025, from the date of retirement to the month that the member reaches the maximum Social Security retirement benefit age, the following percentages of average final earnings apply:

* * *

This packet contains:

Circle #

Bill 9-24	© 1
County Executive Memorandum	© 6
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Bill No. 9-24
Concerning: Group G Pension – Social
Security Integration
Revised: April 2, 2024 Draft No. 1
Introduced: April 9, 2024
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: none
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN ACT to:

- (1) amend Group G pension amount for the Integrated Retirement Plan; and
- (2) generally amend the law regarding retirement benefits for Group G members.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Section 33-42

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:

Sec. 1. Section 33-42 is amended, as follows:

Article III. Employees' Retirement System.

Division 3. Benefits.

* * *

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

* * *

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

* * *

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

* * *

(E) The County must compute the annual pension of a Group G member in the integrated retirement plan who retires on a normal retirement as follows:

(i) from the date of retirement to the month that the member reaches Social Security retirement age, the following percentages of average final earnings apply:

(a) 2.6 percent, for each of the first 25 years of credited service; and

(b) 1.25 percent, for each year of credited service of more than 25 years to a maximum of 31 years, plus sick leave credits; and[;]

(c) 5 percent for each year of credited service received for accumulated sick leave; and

(d) 0 percent for years after year 31 (except sick leave credits referred to in subclause (c)); and

- (ii) from the month the member reaches Social Security retirement age, the percentages specified in clause (i) must be reduced, respectively, by the following percentages of average final earnings for the portion of any amount equal to or less than the Social Security maximum covered compensation in effect on the date of retirement:
- (a) 0.81250 percent, for each of the first 25 years of credited service;
 - (b) 0.390625 percent for each year of credited service of more than 25 years, to a maximum of 31 years, plus sick leave credits; and
 - (c) 1.5625 percent, for each year of credited service received for accumulated sick leave.
- (iii) The County must increase the initial amount of a pension computed under (ii) above by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches Social Security retirement age.
- (iv) The County must prorate any portion of a year described in this subparagraph.
- (v) Effective the effective date of this amendment from the date of retirement to the month that the member reaches the maximum Social Security retirement benefit age, the following percentages of average final earnings apply:

- (a) 2.6 percent, for each of the first 25 years of credited service; and
- (b) 1.25 percent, for each year of credited service of more than 25 years to a maximum of 31 years, plus sick leave credits; and
- (c) 5 percent for each year of credited service received for accumulated sick leave; and
- (d) 0 percent for years after year 31 (except sick leave credits referred to in subclause (c)); and
- (vi) from the month the member reaches the maximum Social Security retirement benefit age, the percentages specified in clause (v) must be reduced, respectively, by the following percentages of average final earnings for the portion of any amount equal to or less than the Social Security maximum covered compensation in effect on the date of retirement:
- (a) 0.81250 percent, for each of the first 25 years of credited service;
- (b) 0.390625 percent, for each year of credited service of more than 25 years, to a maximum of 31 years, plus sick leave credits; and
- (c) 1.5625 percent, for each year of credited service received for accumulated sick leave.
- (vii) The County must increase the initial amount of a pension computed under (vi) above by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement

81 to the month in which the member reaches the
 82 maximum Social Security retirement benefit age.

83 (viii) The County must prorate any portion of a year
 84 described in this subparagraph.

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

88 * * *



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 2, 2024

TO: Andrew Friedson, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Memorandum of Agreement between the County and IAFF

I have attached for review the Memorandum of Agreement resulting from the recent negotiations between the Montgomery County Government and the Montgomery County Career Fire Fighters Association, International Association of Fire Fighters, Local 1664, AFL-CIO (IAFF). The agreement reflects the changes to the existing Collective Bargaining Agreement. I have attached a draft of legislative changes that we are proposing, as well as a summary of all changes made within the agreement, that must be submitted to the County Council by April 1, 2024. The agreement is effective July 1, 2024, through June 30, 2026.

I have also attached a summary of the agreed upon items as well as a copy of the fiscal impact statement referenced in the Workforce/Compensation chapter of my budget to assist in your review of the document. The items will take effect for the first time in FY2025 and have a fiscal impact in FY2025.

ME:jh

Attachment

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

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>Annual Cost</u>		<u>Estimated # affected**</u>
			<u>FY25</u>	<u>Beyond FY25</u>	
17	Special Duty Differentials	Fire Investigative Unit Bomb Tech Differential of 3.2% of the Fire Fighter III Step H base pay	\$44,707	\$46,160	
17	Special Duty Differentials	Fire Captain Serving as Station Commander Differential of 3.2% of the Captain, Step J base pay for one Captain from the Fire Investigation Unit and One Captain from Technical Operations	\$10,890	\$11,244	
17	Special Duty Differentials	Tactical Emergency Casual Care Certification Pay of \$500 annually	\$16,556	\$16,556	
19.1	Wages	3.5 Percent General Wage Adjustment in July 2024	\$4,300,125	\$4,472,131	1,122
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$256,247	\$636,247	145
22	Prevailing Rights	Individual Plastic Water Bottles on Each Apparatus	\$12,111	\$0	
35.8	CISM and Peer Support Teams	Overtime for Training to Participate on Peer Support Teams	\$31,711	\$0	30
35.11	Health and Safety	Reimbursement for Cancer Screenings of up to \$350 once every 36 months for ultrasound testing that includes, but is not limited to, echocardiogram, carotid doppler, abdominal aortic aneurysm, thyroid abdominal bladder, testicular, or pelvic screenings.	\$261,030	\$43,505	1,122
Side Letter	Health and Safety	One-time Reimbursement for Multi Cancer Early Detection Blood Screening of up to \$800	\$745,800	\$248,600	1,122
40.5	Employee Status	Reimbursement for Pro Board Certification ligible courses obtained during Initial Recruit Training at the MCFRS PSTA for employees obtaining bargaining unit status	\$3,675	\$3,675	
51	Pensions	Social Security Benefit Age Adjustment to Pension Calculation	\$618,937	\$1,237,873	
54.2	Tuition Assistance	An increase of \$35,000 in available tuition assistance funds. If funds exhausted in the first six months of the fiscal year an additional \$35,000 will be made available.	\$70,000	\$70,000	
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$851,721	\$1,531,239	500
Total			\$7,223,511	\$8,317,229	1,122

Fire and Rescue Uniformed Management Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>		<u>Estimated # affected**</u>
		<u>FY25</u>	<u>Beyond FY25</u>	
Wages	3.5 Percent General Wage Adjustment in July 2024	\$279,968	\$291,167	43
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$2,370	\$3,641	2
Health and Safety	Reimbursement for Cancer Screenings of up to \$350 once every 36 months for ultrasound testing that includes, but is not limited to, echocardiogram, carotid doppler, abdominal aortic aneurysm, thyroid abdominal bladder, testicular, or pelvic screenings.	\$9,030	\$1,505	
Health and Safety	One-time Reimbursement for Multi Cancer Early Detection Blood Screening of up to \$800	\$25,800	\$8,600	
Total		\$317,168	\$304,913	43

* 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.

MONTGOMERY COUNTY GOVERNMENT
FIRE/RESCUE BARGAINING UNIT SALARY SCHEDULE
FISCAL YEAR 2026
EFFECTIVE JULY 13, 2025
GWA: 3.2% 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	\$58,113	\$61,019	\$64,072	\$70,479	\$77,533	\$87,428
B	\$60,149	\$63,156	\$66,315	\$72,947	\$80,247	\$90,490
C	\$62,253	\$65,368	\$68,635	\$75,499	\$83,056	\$93,656
D	\$64,433	\$67,657	\$71,039	\$78,143	\$85,963	\$96,936
E	\$66,689	\$70,023	\$73,525	\$80,878	\$88,973	\$100,328
F	\$69,023	\$72,475	\$76,101	\$83,709	\$92,088	\$103,840
G	\$71,440	\$75,014	\$78,765	\$86,639	\$95,309	\$107,475
H	\$73,942	\$77,639	\$81,521	\$89,670	\$98,648	\$111,237
I	\$76,529	\$80,358	\$84,374	\$92,811	\$102,101	\$115,132
J	\$79,208	\$83,170	\$87,328	\$96,060	\$105,676	\$119,160
K	\$81,981	\$86,079	\$90,386	\$99,420	\$109,375	\$123,332
L	\$84,850	\$89,093	\$93,551	\$102,902	\$113,204	\$127,649
M	\$87,820	\$92,213	\$96,826	\$106,504	\$117,165	\$132,119
17 YEAR LONGEVITY (3.5%)	\$90,894	\$95,441	\$100,215	\$110,232	\$121,266	\$136,742
20 YEAR LONGEVITY (3.5%)	\$94,075	\$98,782	\$103,722	\$114,090	\$125,511	\$141,528
24 YEAR LONGEVITY (3.5%)	\$97,368	\$102,239	\$107,353	\$118,084	\$129,903	\$146,482

MONTGOMERY COUNTY GOVERNMENT
FIRE/RESCUE BARGAINING UNIT SALARY SCHEDULE
FISCAL YEAR 2025
EFFECTIVE JULY 14, 2024
GWA: 3.5% 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	\$60,147	\$63,155	\$66,314	\$72,946	\$80,247	\$90,488
B	\$62,254	\$65,367	\$68,636	\$75,500	\$83,056	\$93,657
C	\$64,432	\$67,656	\$71,037	\$78,142	\$85,963	\$96,934
D	\$66,688	\$70,025	\$73,525	\$80,878	\$88,971	\$100,329
E	\$69,023	\$72,474	\$76,098	\$83,709	\$92,087	\$103,839
F	\$71,439	\$75,012	\$78,764	\$86,638	\$95,312	\$107,474
G	\$73,941	\$77,640	\$81,522	\$89,672	\$98,645	\$111,236
H	\$76,530	\$80,357	\$84,374	\$92,809	\$102,101	\$115,131
I	\$79,208	\$83,170	\$87,327	\$96,059	\$105,674	\$119,162
J	\$81,980	\$86,081	\$90,384	\$99,422	\$109,374	\$123,330
K	\$84,850	\$89,092	\$93,549	\$102,899	\$113,204	\$127,649
L	\$87,820	\$92,211	\$96,825	\$106,503	\$117,166	\$132,117
M	\$90,894	\$95,441	\$100,215	\$110,232	\$121,266	\$136,743
17 YEAR LONGEVITY (3.5%)	\$94,076	\$98,782	\$103,723	\$114,090	\$125,511	\$141,528
20 YEAR LONGEVITY (3.5%)	\$97,368	\$102,239	\$107,352	\$118,083	\$129,904	\$146,482
24 YEAR LONGEVITY (3.5%)	\$100,776	\$105,818	\$111,110	\$122,216	\$134,450	\$151,609

**MEMORANDUM OF AGREEMENT
BETWEEN
THE MONTGOMERY COUNTY GOVERNMENT
AND
THE MONTGOMERY COUNTY CAREER FIREFIGHTERS ASSOCIATION
INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1664, AFL-CIO**

The Montgomery County Government (Employer) and the International Association of Fire Fighters (Local 1664 AFL-CIO) conducted negotiations pursuant to Section 6-54, et seq., of the Montgomery County Code for the Collective Bargaining Agreement for the term July 1, 2024, through June 30, 2026. As a result of those negotiations, the Employer and the Union agree that the Collective Bargaining Agreement shall be amended according to the terms set forth below.

Please use the key below when reading this document:

Underlining *Added to the existing collective bargaining agreement.*

[Single boldface brackets] *Deleted from the existing collective bargaining agreement.*

*** *Existing language unchanged by the parties*

The parties agree to amend the contract as follows:

Article 6.3
Annual Leave

Section 6.3 C. Leave Year and Annual Leave Procedure.

Kelly Day Selections shall occur each year prior to the annual leave selection process.

Article 7
Sick Leave

Section 7.9. Disposition of Accumulated Sick Leave at Separation from County Service.

Accumulated sick leave must be forfeited upon separation for any purpose other than retirement. Accumulated sick leave is creditable for retirement purposes as provided in the employee's retirement system of Montgomery County. Unused sick leave of any employee separated from service that is subject to forfeiture shall be placed in a sick leave donation bank to be maintained by MCCFFA for the use of employees in need of sick leave donations. Beginning on October 30, 2024, and quarterly thereafter, the Employer and MCCFFA

will jointly reconcile and validate the ending balance of the sick leave donations bank.
Any employee who suffers an occupational illness or injury while working either a 2,496-hour or 2,184-hour per year schedule and who is placed on light duty because of that occupational illness or injury shall have his/her sick leave calculated towards his/her retirement benefits as if he/she were still working a 2,496-hour or 2,184-hour per year schedule, as applicable.

Section 7.14 Use of Sick Leave Donation for Inpatient Care

D. A bargaining unit employee who is admitted for inpatient care at the IAFF Center of Excellence or other use leave from the inpatient facility for behavioral health treatment, alcohol treatment, or other substance abuse treatment shall be eligible to Section 7.9 sick leave donation bank. However, the bargaining unit employee will not be subject to leave exhaustion requirement in Section 7.14 (A)(1)(d) or be prevented from accruing leave pursuant to 7.14(C).

Article 10
Disability Leave

Section 10.5 Work Related Examinations.

A. Before an employee returns to work after an absence which is the result of a job-related injury, illness or has been out 15 or more calendar days as a result of non-job-related personal injury or illness the employee must report to Fire/Rescue Occupational Medical Services for a clearance to return to work medical examination. Employees who are scheduled to report to FROMS for a return-to-work medical examination shall have the option to be scheduled by FROMS for their examination on a day they are not scheduled to work and be eligible for overtime compensation for the time they are present at FROMS. The appointment must be scheduled prior to the employee's next regularly scheduled workday when FROMS is open.

Section 10.6 Change in Work Status

D. A bargaining unit employee who is placed in a light duty status and directed by the Fire Rescue Occupational Medical Service (FROMS) to obtain a follow-up medical evaluation or medical treatment following their annual physical shall remain on the same work schedule they were assigned to immediately prior to being removed from full duty until cleared for a return to full duty by FROMS. A bargaining unit employee who is placed in a no duty status by FROMS as a result of a medical condition (non-injury related) requiring specialist follow-up found during their annual physical will be placed on administrative leave until cleared for a return to full duty by FROMS for a 45-day maximum.

Article 13
Rate/Type of Compensation

Section 13.3 Working Out of Class Compensation

B. A Master Firefighter is eligible for “working out of class” compensation for all hours worked when acting as an officer in a fire station or worksite, or when acting as a primary apparatus unit officer while the Lieutenant/Captain has upgraded as an ALS resource, for more than 280 hours during a 6-month period.

C. A firefighter III is eligible for “working out of class” compensation for all hours worked as a primary apparatus unit officer on an emergency call. The Firefighter III will submit total hours for compensation at the end of a 6-Month period.

Article 17
Special Duty Differentials

Section 17.1 Fire investigation Unit

- C. Fire Investigation Unit
Assignment: 3.20% of the Firefighter III, Step H Base Pay
Bomb Technician: 3.20% of the Firefighter III, Step H Base Pay

Note: All bargaining unit personnel assigned to the Fire Investigative Unit who are also Bomb Technicians shall receive both assignment pays as specified herein.

- D. Fire Captain Serving as
Station Commander: 3.20% of the Captain, Step J base pay

Station Commander Pay shall be subject to satisfactory completion of established performance criteria/objectives as determined by the Employer.

One Captain from the Fire Investigative Unit and one Captain from Technical Operations shall be eligible for station commander pay pursuant to this subsection.

- L. Bargaining unit employees who complete the Tactical Emergency Casualty Care ("TECC") course and are assigned to Station 23 shall be entitled to Certification Pay of \$500 annually.

Article 19
Wages

Section 19.1 General Wage Adjustment

[A. Effective the first full pay period on or after July 1, 2016, the base salary for all bargaining unit members shall be increased by 1.0 percent. Effective the pay period beginning February 5, 2017, the base salary for all bargaining unit members shall be increased 1.0 percent.]

[B.

1. Effective the pay period beginning on October 9, 2022, the base salary for all bargaining unit members shall be increased by 4.0%.
2. Effective the pay period beginning on January 1, 2023, the base salary for all bargaining unit members shall be increased by 1.0%.
3. Effective the pay period beginning on July 16, 2023, the base salary for all bargaining unit members shall be increased by 3.2%.]

Effective the pay period beginning on July 14, 2024, the base salary for all bargaining unit members shall be increased by 3.5%.

Effective the pay period beginning on July 13, 2025, the base salary for all bargaining unit members shall be increased by 3.25%.

[Footnote 13: Per actions taken on April 26, 2016, May 16, 2016, and May 26, 2016, the County Council did not approve full funding for this provision, i.e., the Council did not appropriate funds for a 1.0 percent general wage adjustment for bargaining unit employees effective the pay period beginning February 5, 2017, or any subsequent date in FY 2017. The 1.0% general wage increase that was negotiated for implementation on February 5, 2017, will considered fully funded and implemented if LS1 is funded by County Council.]

[NOTE: Subsequent footnotes will be renumbered]

Article 20
Insurance Benefits Coverage and Premiums

Section 20.14. [Voluntary] Optional Benefits

- A. Bargaining unit employees shall be eligible to participate in the following programs provided they pay 100% of the premiums.
1. Long Term Care. Unit members are eligible to participate in the County-sponsored Long Term Care Program at the cost established by the carrier.
 2. [Critical Illness Insurance. CI Insurance provides a lump sum benefit amount to be paid upon diagnosis of the following conditions; heart attack, stroke, end-stage renal failure; major organ transplant/failure, invasive cancer, non-invasive cancer, coronary artery disease bypass, paralysis as a result of an accident, health screening, loss of sight, hearing or speech, coma, burns.]
 3. [Short Term Disability. STD Insurance provides replacement for on and off the job sickness and accident for both full and partial disability benefits. The minimum and maximum benefits shall be established by the carrier.]
 - [4.]2. Real Estate Rebate Program. A real estate program to assist home buyers and sellers identity qualified real estate professionals to navigate the home ownership process. Assistance may be provided in choosing real estate agents, household goods movers, mortgage lenders related to buying and selling real estate. Rewards, if any, are determined and awarded by the carrier.
- B. Through October 1, 2024, bargaining unit employees who have already elected to participate shall be eligible to participate in the following programs provided they pay 100% of the premiums.
1. Critical Illness Insurance. CI Insurance provides a lump sum benefit amount to be paid upon diagnosis of the following conditions: heart attack, stroke, end-stage renal failure; major organ transplant/failure, invasive cancer, non-invasive cancer, coronary artery disease bypass, paralysis as a result of an accident, health screening, loss of sight, hearing or speech, coma, burns.
 2. Short Term Disability. STD Insurance provides replacement for on and off the job sickness and accident for both full and partial disability benefits. The minimum and maximum benefits shall be established by the carrier.
- C. The Employer will notify participating bargaining unit employees on or before July 15, 2024, that the Employer will no longer collect and submit premiums for the programs described in Section B above as of October 1, 2024.

Article 22
Prevailing Rights

Section 22.2 Notice and Opportunity to Submit Comments

B. Such written notice shall be addressed to the President of the Union and shall be sent [to him] by [regular and] electronic mail. Such [written] notice shall include an explanation and/or description of the new or revised Directive, MCFRS Bulletin, Policy, Procedure, or Instruction and the date on which the Employer intends to implement it.

C. The Union shall have thirty (30) calendar days from the date upon which the President of the Union receives written notice to submit written comments or, if appropriate, proposals regarding the new or revised Directive, MCFRS Bulletin, Policy, [or] Procedure, or Instruction. During the thirty (30)-day period, the Union may request to meet and confer with the Employer regarding the new or revised Directive, MCFRS Bulletin, Policy, [or] Procedure, or Instruction. The Employer will make all reasonable efforts to accommodate the Union's request to meet and confer. If the Union submits proposals on negotiable matters, the parties shall meet to discuss such proposals during and, if necessary, after the expiration of the thirty (30)-day period.

Article 23
Hours of Work

Section 23.4. Training [and Prevention]

All day work personnel assigned to the [Fire Code Enforcement Section and] Training Section will work four (4) ten (10) hour shifts every week for forty (40) hours every seven (7) days.

Section 23.6 Absent Without Official Leave

A. An employee who fails to report for duty as scheduled or who leaves the work site prior to the end of the scheduled workday without the approval of a supervisor, or has utilized annual or compensatory leave without a sufficient combined total balance to cover the time off will be:

1. considered absent without leave;
2. placed in a non-pay status for the period in question, and
3. subject to appropriate disciplinary action or termination

Article 28
Transfers

Section 28.7 Voluntary Transfer

Voluntary transfers shall be given serious consideration over involuntary transfers, provided that the voluntary transfer applicant meets the minimum qualifications for the vacancy. At such times that only one bargaining unit employee has requested a voluntary transfer to a vacant position, the employer will consider transferring an employee who has spent less than the prescribed period of time in the employee's current assignment. A bargaining unit employee who seeks a voluntary transfer shall submit an electronic request via an appropriate computer program. The computer program shall send a detailed electronic receipt to the employee following submission of the transfer request. If a supervisor submits comments relating to an employee's transfer request, the employee shall receive a copy and shall have the opportunity to respond to the supervisor's comments prior to the Division Chief's final decision regarding the transfer.

Within [90] 30 calendar days of receiving the request, the Division Chief must inform the employee if the request is granted, held or denied. A voluntary transfer request will remain held for a period of twelve months, until the desired transfer is granted, or the employee rescinds the request, whichever occurs first. At each transfer meeting, the Employer shall identify to the Union those employees whose transfer requests have expired.

Article 29
Promotions

Section 29.6 Class Schedule for Promotions

A. Classes required for promotion through Fire/Rescue Captain will be scheduled both for the spring and fall semesters on a shift rotation basis including night and weekend classes for daywork personnel. The Employer shall include in his/her proposed budget to the County Council sufficient funding for MCFRS to hold one (1) class B driver training class for every twelve (12) individuals holding the rank of Fire Fighter/Rescuer II on July 1. Priority for enrollment shall be based on employees' seniority numbers, with the lowest number (most senior) having first priority and working toward the highest number (least senior).

Section 29.8. Promotional Procedures

A. Absent extenuating circumstances, promotional exams for the ranks of Master Firefighter-Captain shall be administered between September 15 – November 30 of their corresponding even/odd years. The Department shall ensure the exam dates do not fall on any holidays listed in Article 16, or on weekends contiguous to those holidays.

B. Upon certification of the final promotional eligibility list the employer shall provide the IAFF President with a confidential copy of the list in ranked order from the highest numbered

candidate to the lowest numbered candidate. The IAFF President shall be permitted to use the ranked list to fulfill their representational duties.

Article 35
Health and Safety

Section 35.8 Critical Incident Stress Management and Peer Support

1. MCFRS Peer Support & Critical Incident Stress Management (PS-CISM) Team

A. Bargaining unit employees who become members of the PS-CISM Team, shall be permitted, upon acceptance to the team, to attend two sixteen (16) hour courses offered by the International Critical Incident Stress Foundation (ICISF). Bargaining unit employees shall be considered on a detail when attending such training courses during their normally scheduled work hours; and shall be compensated at 1-1/2 times their regular rate of pay for all time spent in such training courses on their day(s) off. Employees shall be reimbursed by the Employer for any fees that are required to enroll in the courses.

All bargaining unit employees who are PS-CISM Team members shall be permitted to attend four (4) quarterly team meetings, each lasting up to eight hours, for purposes of training and continuing education. Bargaining unit employees shall be considered on a detail when attending such meetings during their normally scheduled work hours; and shall be compensated at 1-1/2 times their regular rate of pay for all time spent in such meetings on their day(s) off.

In addition, all bargaining unit employees who are PS-CISM Team members shall be permitted to attend up to thirty-two (32) hours of ICISF-approved peer support and PS-CISM related training classes every two years. Bargaining unit employees shall be considered on a detail when attending such training classes during their normally scheduled work hours; and shall be compensated at 1-1/2 times their regular rate of pay for all time spent in such training classes on their day(s) off. Employees shall be reimbursed by the Employer for any fees that are required to enroll in the training classes.

B. All bargaining unit employees shall receive in-station training in stress management, suicide recognition and prevention techniques, and alcohol-impaired driving prevention no less than once every two years. Such training shall be conducted by members of the MCFRS PS-CISM Team and will be the responsibility of the Employer.

2. IAFF Peer Support

A. The employer will support a total capacity of thirty (30) bargaining unit employees on the IAFF Peer Support team. A maximum of (15) at any given time shall be authorized to attend up to 30 hours of initial training. These bargaining unit employees shall be considered on a detail when attending such training courses during normally scheduled work hours; and shall be compensated at 1-1/2 times their regular rate of pay for all time spent in such training courses on their day(s) off. IAFF shall cover any fees that are required to enroll in the courses.

All bargaining unit employees who are IAFF Peer Support Team members shall be permitted to attend up to four (4) quarterly team meetings, each lasting up to eight hours, for purpose of training and continuing education on an annual basis. Bargaining unit employees shall be considered on a detail when attending such meetings during their normally scheduled work hours; and shall be compensated at 1-1/2 times their regular rate of pay for all time spent in such meetings on their day(s) off.

B. In addition, bargaining unit employees who are IAFF Peer Support Team members shall be permitted to attend up to thirty (30) hours of peer support related training classes every two years. Bargaining unit employees shall be considered on a detail when attending in-person training during their normally scheduled work hours; and shall be compensated at 1-1/2 times their regular rate of pay for all time spent in such meetings on their day(s) off. IAFF shall cover any fees that are required to enroll in the courses. [FN] IAFF Peer Support Team members will be appointed by the IAFF President.

[NOTE: the footnote shall be consecutively numbered in the parties' Agreement and subsequent footnotes renumbered]

Section 35.11 Reimbursement of Cancer Screenings

- A. Bargaining unit employees shall be eligible to be reimbursed by the Employer up to three-hundred-and-fifty-dollars once every 36 months for ultrasound testing that includes, but is not limited to, echocardiogram, carotid doppler, abdominal aortic aneurysm, thyroid abdominal bladder, testicular, or pelvic screenings.
- B. Requests for reimbursement shall be submitted within 90 days of receiving the test results and the Employer shall process payment to the employee within 90 days after receipt of reimbursement request.

Article 40 Employee Status

Section 40.2 Posting of Seniority List

The Employer shall post annually a current seniority list. The Employer shall submit the proposed seniority list to the Union by ~~[August 15]~~July 10 of each year. Thereafter, within seven (7) calendar days of receipt of a draft seniority list from the Union, the Employer shall post the draft list at all work sites. Employees may then submit objections to the draft list to the Union within the time indicated on the draft list (as determined by the Union), following which the Union and the Employer shall prepare a final seniority list. The Employer shall post the final seniority list at all work sites within seven (7) days of an agreed upon list.

Section 40.5 Pro Board Certification

- A. Effective 07/01/2024, each employee obtaining bargaining unit status upon the completion of probation will be reimbursed for Pro Board certification-eligible courses obtained during initial Recruit Training at the MCFRS PSTA.
- B. To be eligible for reimbursement, employees must submit a voucher/receipt from the MFSPQB to the MCFRS Training Chief, or designee, within 90 days of receiving in-hand certification from the MFSPQB. The Employer shall process payment to the employee within 90 days after receipt of the reimbursement request.

Article 50
Duration of Contract

Section 50.1 Two Year Agreement

The duration of this Agreement shall be from July 1, [2022]2024, through June 30, [2024]2026.

Article 51
Pensions

Section 51 Pensions

L. The employer will submit proposed legislation to the County Council on or before September 1, 2024, amending Section 33-42 of the Montgomery County Code. Proposed legislation drafted

pursuant to this collective bargaining agreement will be reviewed and approved by both parties prior to submission to the County Council. The following changes will apply only to those retirement applications filed after the adoption of the legislation.

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

(b) Amount of pension at normal retirement date.

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

(E) The County must compute the annual pension of a Group G member in the integrated retirement plan who retires on a normal retirement as follows:

(i) from the date of retirement to the month that the member reaches the maximum Social Security retirement benefit age, the following percentages of average final earnings apply:

(a) 2.6 percent, for each of the first 25 years of credited service;

(b) 1.25 percent, for each year of credited service of more than 25 years to a maximum of 31 years, plus sick leave credits; and

(c) 5 percent for each year of credited service received for accumulated sick leave; and

(d) 0 percent for years after year 31 (except sick leave credits referred to in subclause (c)); and

(ii) from the month the member reaches the maximum Social Security retirement benefit age, the percentages specified in clause (i) must be reduced, respectively, by the following percentages of average final earnings for the portion of any amount equal to or less than the Social Security maximum covered compensation in effect on the date of retirement:

(a) 0.81250 percent, for each of the first 25 years of credited service;

(b) 0.390625 percent for each year of credited service of more than 25 years, to a maximum of 31 years, plus sick leave credits; and

(c) 1.5625 percent, for each year of credited service received for accumulated sick leave.

(iii) The County must increase the initial amount of a pension computed under (ii) above by the cost-of-living adjustments provided under Section

33-44(c) for the period from the member's date of retirement to the month in which the member reaches the maximum Social Security retirement benefit age.

(iv) The County must prorate any portion of a year described in this subparagraph.

The parties agree to fully support the legislative proposals drafted pursuant to this Agreement to ensure their approval by the Montgomery County Council.

The County Executive will comply with Montgomery County Code 33-153(l) by including funding for this proposal in his proposed annual operating budget for the fiscal year in which the legislation would take effect.

Article 54 Tuition Assistance

Section 54.2 Tuition Assistance

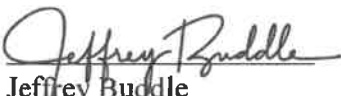
Employee tuition assistance is available to bargaining unit employees on a first-come, first-served basis. Once the tuition assistance funds are depleted for the fiscal year, tuition assistance is not available until the next year. [Sixty-five thousand (\$65,000)] One-hundred thousand (\$100,000) in tuition assistance funds shall be made available each fiscal year to bargaining unit employees. If tuition assistance funds are exhausted in the first six months of the fiscal year, an additional thirty-five thousand (\$35,000) will be made available to bargaining unit employees.

The following page contains signature page.

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

International Association of Fire Fighters
Local 1664

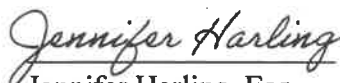
Montgomery County Government
Montgomery County, Maryland


Jeffrey Buddle
President

04/01/2024
Date


Marc Elrich
County Executive

4/2/24
Date


Jennifer Harling, Esq.
Chief Labor Relations Officer

4/1/2024
Date


Gary Cooper
Interim Fire Chief

4/1/24
Date

Approved for form and legality by:


Edward E. Haenfling, Jr.

4/1/2024
Date

Assistant County Attorney

Side Letter – Prevailing Rights

[ON FIRE CHIEF LETTERHEAD]

[DATE]

Jeffrey Buddle, President
Montgomery County Career Fire Fighters Association
International Association of Fire Fighters – Local 1664
932 Hungerford Drive, Suite 33A
Rockville, Maryland 20850

Re: Section 22(S) Prevailing Rights

President Buddle,

During negotiations between Montgomery County Government (“Employer”) and the Montgomery County Career Firefighters Association, IAFF Local 1664 (“Union”) over a successor collective bargaining agreement effective July 1, 2024, certain issues were raised by the Union regarding drinking water stored in apparatus coolers. The Employer agrees to refer this matter to the concern to the Joint Health and Safety Committee.

The Joint Health and Safety Committee shall add this matter to its agenda for its April 2024 meeting. The Committee shall issue written recommendations related to such matter in accordance with the procedures provided for under Article 35 of the CBA. Committee Recommendations shall be made to the Fire Chief and Union President for consideration in adopting changes or implementing action(s) related to the parties’ concern on apparatus drinking water no later than July 1, 2024.

If any recommendations are not adopted by July 1, 2024, the Employer will provide individual plastic water bottles on each apparatus until such time as the recommendations are adopted.

Sincerely,

Gary S. Cooper
Acting Fire Chief
Montgomery County Fire and Rescue Service

Side Letter – Float Officer Subcommittee

Jeffrey Buddle, President
Montgomery County Career Fire Fighters Association
International Association of Fire Fighters – Local 1664
932 Hungerford Drive, Suite 33A
Rockville, Maryland 20850

Re: Float Officers

President Buddle,

The Fire Chief agrees to reconvene the subcommittee previously agreed to under Section 34.C to continue reviewing the use of float officers and the feasibility of assigning float officers to a specific fire station.

The subcommittee shall issue a report consistent with the procedures outlined in Section 34.C no later than December 1, 2024.

Sincerely,

John V. Kinsley
Interim Fire Chief
Montgomery County Fire and Rescue Services

Side Letter – Class Schedules for Class A Drivers Course

[ON FIRE CHIEF LETTERHEAD]

[DATE]

Jeffrey Buddle, President
Montgomery County Career Fire Fighters Association
International Association of Fire Fighters – Local 1664
932 Hungerford Drive, Suite 33A
Rockville, Maryland 20850

Re: Schedule for Class A Drivers Course

President Buddle,

During negotiations between Montgomery County Government (“Employer”) and the Montgomery County Career Firefighters Association, IAFF Local 1664 (“Union”) over a successor collective bargaining agreement effective July 1, 2024, certain issues were raised by the Union regarding the Class A Drivers Course.

The parties have a mutual interest in providing opportunities for bargaining unit members at the rank of FFIII and Master Firefighter who are assigned to day work to obtain training in Class A Apparatus driving. Effective July 1, 2024, the Class A Drivers Course will be scheduled on an annual rotating basis (A, B, C shifts & nights/weekends). In the event a nights/weekends offering is cancelled due to low enrollment, the next nights/weekends class shall be held so long as there is a minimum enrollment of 3 personnel.

Sincerely,

Gary S. Cooper
Acting Fire Chief
Montgomery County Fire and Rescue Service

Side Letter – Reimbursement for Multi Cancer Early Detection Blood Screening

[ON CAO LETTERHEAD]

[DATE]

Jeffrey Buddle, President
Montgomery County Career Firefighters Association
IAFF Local 1664
932 Hungerford Drive Suite 33-A
Rockville, Maryland 20850

Dear President Buddle:

During negotiations between Montgomery County Government (“Employer”) and the Montgomery County Career Firefighters Association, IAFF Local 1664 (“Union”) over a successor collective bargaining agreement effective July 1, 2024, certain issues were raised by the Union regarding the Employer reimbursing bargaining unit members for multi cancer early detection blood testing.

Through [END DATE OF AGREEMENT], bargaining unit employees shall be eligible for a one-time reimbursement by the Employer of up to eight hundred dollars (800.00) for multi cancer early detection blood testing. The Union will provide aggregate data regarding bargaining unit employees’ test results to FROMS.

Requests for reimbursement shall be submitted within ninety (90) days of receiving the test results and the Employer shall process payment to the employee within ninety (90) days after receipt of the reimbursement request.

Sincerely,

Richard S. Madaleno
Chief Administrative Officer

Side Letter – Kelly Day/Seniority List Deadline

[ON UNION PRESIDENT LETTERHEAD]

[DATE]

Gary S. Cooper
Acting Fire Chief
Montgomery County Fire and Rescue Service
Public Safety Headquarters
100 Edison Park Drive
Gaithersburg, Maryland 20878

Re: Seniority List Submission Deadline

During negotiations between Montgomery County Government (“Employer”) and the Montgomery County Career Firefighters Association, IAFF Local 1664 (“Union”) over a successor collective bargaining agreement effective July 1, 2024, certain issues were raised by the Union regarding Kelly day selection.

The Union agrees to provide the official seniority list to the Department annually by September 1.

Sincerely,

Jeffrey Buddle, President
Montgomery County Career Fire Fighters Association
International Association of Fire Fighters – Local 1664

Side Letter - Cannabis

Effective 07/01/2024, the parties shall enter into a Side Letter regarding testing for cannabis as follows:

[ON COUNTY EXECUTIVE LETTERHEAD]

[DATE]

Jeffrey Buddle, President
Montgomery County Career Firefighters Association
IAFF Local 1664
932 Hungerford Drive Suite 33-A
Rockville, Maryland 20850

Dear President Buddle:

During negotiations between Montgomery County Government (“Employer”) and the Montgomery County Career Firefighters Association, IAFF Local 1664 (“Union”) over a successor collective bargaining agreement effective July 1, 2024, certain issues were raised by the Union regarding medical cannabis and testing for cannabis considering Maryland’s recent changes to its laws associated with medical and recreational use of cannabis.

At this time, the County will continue to test for cannabis. However, if during my tenure as County Executive cannabis is removed as a Schedule I Controlled Substance or its use is otherwise deregulated by the federal government, the County will meet and discuss with the Union a medical cannabis policy within the framework of all applicable laws.

Sincerely,

Marc Elrich
County Executive

Economic Impact Statement

Montgomery County, Maryland

Bill 9-24

Group G Pension – Social Security Integration

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 9-24 would have a negative impact on economic conditions in the County in terms of the Council's priority indicators. By adjusting the Social Security retirement age in calculating pensions for Group G employees, the Bill would increase the actuarial value of income for current and future Montgomery County Fire and Rescue Service (MCFRS) retirees. Based on the low rates of County residence among retired MCFRS employees, a minor share of the income increase likely would go to residents. The remainder would constitute significant capital outflows in the form of government revenue used to fund pension increases for the majority of MCFRS employees who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations. Moreover, capital outflows caused by the policy change would occur indefinitely if low rates of County residence among MCFRS retirees continue. Because there are no indications current residence patterns among current and retired MCFRS employees will drastically change, OLO believes the negative impacts of the Bill would be significant in the long term.

BACKGROUND AND PURPOSE OF BILL

The Employees' Retirement System (ERS) is one of five retirement plans offered to County employees.¹ The ERS is a defined benefit plan, which provides a fixed, pre-established benefit for employees at retirement.² Within the ERS, Group G employees include paid firefighters, fire officer, and rescue service personnel.³

The purpose of Bill 9-24 is to increase pension benefits for Group G employees. The Bill would implement provisions of the collective bargaining agreement between the County Executive and the Montgomery County Career Fire Fighters Association, International Association of Fire Fighters (Local 1664, AFL-CIO).⁴

Currently, after a Group G employee reaches the Social Security retirement age, their pension benefits are reduced. Table 1 shows the current Social Security retirement age, which differs depending on year of birth.⁵ If enacted, Bill 9-24 would require pension benefits to be reduced when the employee reaches the maximum Social Security retirement age of 70.

¹ About Montgomery County Employee Retirement Plans.

² Defined Benefit Plan.

³ Summary Description for Sworn Fire Personnel in Retirement Group G.

⁴ Introduction Staff Report for Bill 9-24.

⁵ Summary Description for Sworn Fire Personnel in Retirement Group G.

Table 1: Social Security Retirement Age by Birth Year

Birth Year	Social Security Retirement Age
Before 1938	65
During or after 1938 and before 1955	66
During or after 1955	67

Source: Summary Description for Sworn Fire Personnel in Retirement Group G, Montgomery County Employee Retirement Plans.

The proposed changes would increase County expenditures by approximately \$600,000 in FY25 and by \$1.2 million annually after FY25.⁶

The Council introduced Bill 9-24, Group G Pension – Social Security Integration, at the request of the County Executive on April 9, 2024.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Bill 9-24 on residents and private organizations in terms of the Council’s priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.⁷

Scope of Analysis: The County would use tax revenue to fund the pension increase established by Bill 9-24. Importantly, funding the increase would entail an internal transfer from the County to the recipients. For this reason, the Bill’s total economic impact would depend on: (a) the per year economic impacts to County residents and businesses from the pension increase; and (b) the per year economic opportunity cost of the forgone County revenues. Because OLO does not know how the forgone revenues would otherwise be used in the absence of enacting Bill 9-24, this analysis does not account for the economic impacts of alternative government spending with the forgone revenue.

Methodology: To assess the economic impacts of Bill 9-24, this analysis estimates how much of the pension benefits increase likely would go to resident and nonresident households. The amount that would likely go to nonresident households represents capital outflows, i.e., taxpayer dollars leaving the County.

Information Sources: The analysis here draws on the following:

- Estimates of the FY25 and Annual Costs to the County of the pension adjustments provided in the Introduction Staff Report for the Bill
- Data on the residence of active and retired MCFRS employees provided by the Office of Human Resources (OHR)

⁶ Introduction Staff Report for Bill 9-24

⁷ Montgomery County Code, [Sec. 2-81B](#).

VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 9-24 are the following:

- Total increase in pension benefit; and
- place of residence.

IMPACTS

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

Residents

OLO anticipates Bill 9-24 would have overall negative impacts on County residents in terms of the Council’s priority economic indicators.

Resident MCFRS Employees

The Bill would primarily benefit MCFRS employees. By adjusting the Social Security retirement age in calculating pensions for Group G employees, the Bill would increase the actuarial value of income for current and future MCFRS retirees.

Importantly, the Bill’s impacts to County residents (as well as businesses) largely would depend on how many affected MCFRS employees *reside within the County*. Data provided by OHR on the residence of *active* and *retired* County employees as of May 2022 indicate that far fewer MCFRS employees who would reside within the County during retirement would benefit from the pension increase than those who would reside outside the County.

As of May 2022, 19 percent of active MCFRS personnel reside in the County. (MCFRS personnel are an extreme outlier in this way, as 60% of non-MCFRS employees reside in the County.) Thirteen percent of retired MCFRS employees and beneficiaries (e.g., surviving spouse) who participate in the Employee’s Retirement System currently live in the County. See **Table 2**. Thus, OLO anticipates the pension increases would positively impact a minor segment of County residents.

Table 2. Place of Residence for Active and Retired MCFRS Employees as of May 2022

	Montgomery, MD	Other Jurisdictions
Active MCFRS Employees	242	1,004
	19%	81%
Retired MCFRS Employees and Beneficiaries	76	516
	13%	87%

Data Source: Office of Human Resources; Introduction Staff Report for Bill 9-24

Capital Outflows

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

Table 3 presents estimates of the amount of County contributions that would go towards resident and nonresident pension earnings, based on the Bill's estimated fiscal impact estimates and rates of residence among retired MCFRS employees. As shown below, OLO estimates the pension increase would approximately be \$93,000 for residents and \$526,000 for nonresidents in FY25 and \$186,000 for residents and \$1.1 million beyond FY25.

Table 3. County Contributions by Residence

	County	Residents	Nonresidents	
	Contributions	15%	85%	Difference
FY25	\$618,937	\$92,841	\$526,096	(\$433,256)
Annual Cost Beyond FY25	\$1,237,873	\$185,681	\$1,052,192	(\$866,511)

Data Sources: Office of Human Resources; Introduction Staff Report for Bill 9-24

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

Businesses, Non-Profits, Other Private Organizations

OLO anticipates enacting Bill 9-24 would have mixed, yet overall negative, impacts on private organizations in the County. Higher pension payments to residents likely would increase household spending on goods and services, benefiting certain County-based businesses. However, as indicated in **Table 3**, the Bill would result in significant capital outflows, which would result in forgone economic activity that would negatively impact private organizations in terms of the Council's priority economic indicators.

Net Impact

OLO anticipates Bill 9-24 would have a negative impact on economic conditions in the County in terms of the Council's priority indicators. By adjusting the Social Security retirement age in calculating pensions for Group G employees, the Bill would increase the actuarial value of income for current and future Montgomery County Fire and Rescue Service (MCFRS) retirees. Based on the low rates of County residence among retired MCFRS employees, a minor share of the income increase likely would go to residents. The remainder would constitute significant capital outflows in the form of government revenue used to fund pension increases for the majority of MCFRS employees who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations. Moreover, capital outflows caused by the policy change would occur indefinitely if low rates of County residence among MCFRS retirees continue. Because there are no indications current residence patterns among current and retired MCFRS employees will drastically change, OLO believes the negative impacts of the Bill would be significant in the long term.

DISCUSSION ITEMS

Not applicable

WORKS CITED

[About Montgomery County Employee Retirement Plans](#), Montgomery County Employee Retirement Plans.

[Defined Benefit Plan](#), Internal Revenue Service, Updated June 15, 2022.

[Introduction Staff Report for Bill 9-24](#), Montgomery County Council, April 9, 2024.

[“Meeting the Housing Needs of Older Adults in Montgomery County.”](#) Montgomery County Planning Department, May 2018.

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

[Summary Description for Sworn Fire Personnel in Retirement Group G](#), Montgomery County Employee Retirement Plans, August 2023.

CAVEATS

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

AUTHOR

Stephen Roblin (OLO) prepared this report.

Climate Assessment

Office of Legislative Oversight

Bill 9-24: Group G Pension – Social Security Integration

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 9-24 will have no impact on the County’s contribution to addressing climate change as it is proposing changes to retirement plans for certain County employees.

BACKGROUND AND PURPOSE OF BILL 9-24

The Employees’ Retirement System (ERS) is one of five retirement plans offered to County employees.¹ The ERS is a defined benefit plan, which provides a fixed, pre-established benefit for employees at retirement.² Within the ERS, Group G employees include paid firefighters, fire officer, and rescue service personnel.³

The purpose of Bill 9-24 is to increase pension benefits for Group G employees. The Bill would implement provisions of the collective bargaining agreement between the County Executive and the Montgomery County Career Fire Fighter Association, International Association of Fire Fighters (Local 1664, AFL-CIO).⁴

Currently, after a Group G employee reaches the Social Security retirement age, their pension benefits are reduced. Table 1 shows the current Social Security retirement age, which differs depending on year of birth.⁵ If enacted, Bill 9-24 would instead require pension benefits to be reduced after the employee reaches the maximum Social Security retirement age of 70.

Table 1: Social Security Retirement Age by Birth Year

Birth Year	Social Security Retirement Age
Before 1938	65
During or after 1938 and before 1955	66
During or after 1955	67

Source: Summary Description for Sworn Fire Personnel in Retirement Group G, Montgomery County Employee Retirement Plans.

The proposed changes would increase County expenditures by approximately \$600,000 in FY25 and by \$1.2 million annually after FY25.⁶

The Council introduced Bill 9-24, Group G Pension – Social Security Integration, at the request of the County Executive on April 9, 2024.

ANTICIPATED IMPACTS

As the bill is proposing changes to retirement plans for certain County employees, OLO anticipates Bill 9-24 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.⁷ OLO does not offer recommendations or amendments as Bill 9-24 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

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

PURPOSE OF CLIMATE ASSESSMENTS

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

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

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ [About Montgomery County Employee Retirement Plans](#), Montgomery County Employee Retirement Plans.

² [Defined Benefit Plan](#), Internal Revenue Service, Updated June 15, 2022.

³ [Summary Description for Sworn Fire Personnel in Retirement Group G](#), Montgomery County Employee Retirement Plans, August 2023, pg. 1.

⁴ [Introduction Staff Report for Bill 9-24](#), Montgomery County Council, April 9, 2024.

⁵ Summary Description for Sworn Fire Personnel in Retirement Group G, pgs. 10-11

⁶ Introduction Staff Report for Bill 9-24

⁷ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022



Fiscal Impact Statement

Office of Management and Budget

Bill 9-24

Group G Pension - Social Security Integration

Bill Summary

Bill 9-24 increases the pension amount for Group G participants, and adjusts the effect of integration at Social Security retirement age.

Fiscal Impact Summary

Expenditures increase by approximately \$600,000 in FY25, increasing annually to \$1.4 million by FY29. Revenues are not impacted.

Fiscal Year	2024	2025	2026	2027	2028	2029	Total
Personnel Costs	\$0	\$618,937	\$1,275,009	\$1,313,259	\$1,352,657	\$1,393,237	\$5,953,099
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$618,937	\$1,275,009	\$1,313,259	\$1,352,657	\$1,393,237	\$5,953,099
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	\$0	(\$618,937)	(\$1,275,009)	(\$1,313,259)	(\$1,352,657)	(\$1,393,237)	(\$5,953,099)
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

The Social Security integration age change would adjust the age at which the benefit reduces for Social Security from 65 to 67 years (based on the date of birth) to the current Social Security normal retirement age of 70, with an estimated impact of \$618,937 in FY25, which assumes an effective date of January 1, 2025. Future years reflect annualization, and actuarial assumptions for the rate of price inflation, cost of living adjustments, the rate of investment return, and rates of retirement.

Staff Impact

The bill requires adjustments to retirement factors that will result in changes to enrollment processes and record keeping for both the Office of Human Resources and the Montgomery County Employee Retirement Plans. Any required changes to processes or record keeping is not expected to materially impact staffing duties and can be absorbed within each department's current staffing complement.

Actuarial Analysis

Actuarial analysis was performed in order to estimate the fiscal impact of each change. The actuaries measured the cost impact to the Montgomery County Employee's Retirement System with impacts calculated as of July 1, 2023 (the effective date of the most recent actuarial valuation) for FY25 contributions.

See attached actuarial analysis performed by GRS for full details.

Information Technology Impact

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

Other Information

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

The bill does not authorize future spending.



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

The expenditure estimates for FY25 and beyond are subject to actuarial valuations performed for each budget year. Changes to underlying actuarial assumptions could have an impact on the accuracy of the initial estimates, and the compounding effect of multiple provisions is likely to result in additional expenses in the valuations.

Contributors

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





March 18, 2024

Ms. Jennifer Harling, Esq.
Chief Labor Relations Officer
Office of Labor Relations
Montgomery County Government
Rockville, Maryland 20850

Subject: Cost Impact of Proposed Changes for Group G (IAFF)

Dear Ms. Harling:

As requested, we have measured the cost impact to the Montgomery County Employees' Retirement System (ERS) of a proposal to change benefit provisions for current and future Group G members.

Following is a summary of the current provisions and the proposed change included in this analysis:

- The age at which the benefit changes would increase from SSNRA to age 70 as shown below.

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

Following is a summary of the assumptions and methods used in the analysis:

- The estimated cost impact is measured as of July 1, 2023, which calculates the fiscal year 2025 County contribution and is measured based on the cost impact from the Phase 2 experience study results.
- The additional unfunded liability is amortized over a 20-year period as a level percentage of pay.
 - This is the current funding policy that is used for all sources of unfunded liability (or surplus).
- The change is assumed to be effective July 1, 2023, for purposes of this measurement. The change in the age at which the benefit changes is assumed to affect employees who are active only (and not in DROP) at the assumed effective date.
- The proposed change may result in increases in administrative expenses related to implementing the change. This analysis does not include the cost impact of potential increases in administrative expenses.

Exhibit I contains a summary and Exhibit II contains detailed calculations of the cost impact measured as of July 1, 2023 (which calculated the fiscal year 2025 contribution requirement) of providing benefits under the proposal. Exhibit III contains a five-year projection of the County contribution requirement for Group G under the proposal. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2023. In addition, the projections do not include any projected increases in administrative expenses under any of the proposals.

Exhibit IV contains a summary of the demographic data as of the most recent actuarial valuation (as of July 1, 2023). Exhibit V contains a summary of some of the key actuarial assumptions used in the actuarial valuation and in this cost impact analysis. The appendix has a summary of the current benefit provisions.

Summary of Results

Increasing the age at which the benefit decreases is expected to both increase the actuarial liabilities and the County contribution rate (and the total contribution requirements of the System) and decrease the funded ratio.

Following is a summary of the estimated funded ratio (based on the actuarial value of assets) and change in funded ratio based on the proposed change.

	Baseline	Phase 2 Experience Study	Scenario 1 - Benefit Reduces at Age 70	Change from Phase 2 Experience Study Results
Group G	91.7%	92.2%	91.4%	-0.8%
Total ERS	98.6%	98.7%	98.5%	-0.2%

Following is a summary of the estimated fiscal year 2025 County contribution based on the proposed change.

	Baseline	Phase 2 Experience Study	Scenario 1 - Benefit Reduces at Age 70	Change from Phase 2 Experience Study Results
Group G	\$ 33,548,257	\$ 32,113,894	\$ 33,351,767	\$ 1,237,873
Total ERS	73,968,420	70,587,784	71,825,657	1,237,873

Considerations and Disclosures

The analysis was performed at the request of Montgomery County ("County") and is intended for use by the County and those designated by the County. This analysis may be provided to parties other than the County only in its entirety and only with the permission of the County.

The actuarial assumptions used in this analysis are the same as those used in the actuarial valuation of the Montgomery County Employees' Retirement System as of July 1, 2023 and proposed in Phase 2 of the experience study. We did not assume that member behavior would change as a result of the proposed changes in provisions (and therefore, did not assume any additional assumption changes).

We amortized the change in unfunded liability over a 20-year period, which is consistent with the current funding policy for Group G. The Conference of Consulting Actuaries (CCA) issued a white paper on funding policies. Based on the CCA white paper, the model practice is to amortize active member plan amendments over a closed period of no longer than the lesser of 15 years and future service based on active member demographics. However, an amortization period of up to 25 years is acceptable, with conditions, to amortize the unfunded liability on a combined basis from all sources.

If any of the provisions, underlying data or assumptions used in this analysis appear to be incorrect or unreasonable, please let us know as soon as possible so we can update the analysis.

Future actuarial measurements may differ significantly from the current measurements presented in this cost analysis due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions, contribution amounts or applicable law.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training and Processes Team who developed and maintain the model.

To the best of our knowledge, the information contained in this analysis is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Amy Williams and Michael D. Kosciuk are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Please let us know if you have any questions or would like to discuss the results of this analysis further.



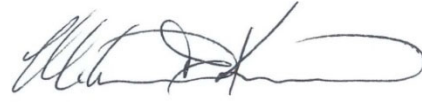
Ms. Jennifer Harling, Esq.
Montgomery County Government
March 18, 2024
Page 4

Respectfully submitted,

Gabriel, Roeder, Smith & Company

Handwritten signature of Amy Williams in cursive script.

Amy Williams, ASA, EA, FCA, MAAA
Senior Consultant

Handwritten signature of Michael D. Kosciuk in cursive script.

Michael D. Kosciuk, FSA, EA, FCA, MAAA
Consultant

**Cost Impact Summary of Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2023**

		Phase 2	Scenario 1 -	Difference from
		Experience	Benefit Reduces	Phase 2
	Baseline	Study	at Age 70	Experience
				Study Results
Group G				
Present Value of Future Benefits - Active Members	\$ 728,539,375	\$ 718,186,968	\$ 733,236,515	\$ 15,049,547
Actuarial Accrued Liability - Active Members	461,718,501	454,691,070	465,362,421	10,671,351
Normal Cost Rate (%)	28.92%	28.05%	28.47%	0.42%
Total Actuarial Accrued Liability	\$ 1,229,837,647	\$ 1,222,810,216	\$ 1,233,481,567	\$ 10,671,351
Amortization of Unfunded Liability Rate (%)	8.82%	8.37%	9.05%	0.68%
Total Contribution Requirement %	37.74%	36.41%	37.52%	1.10%
Average Employee Contribution Requirement %	7.42%	7.42%	7.42%	0.00%
County Contribution Requirement \$	33,548,257	32,113,894	33,351,767	1,237,873
County Contribution Requirement %	30.32%	29.00%	30.10%	1.10%
Total Contribution Requirement \$	41,668,160	40,247,105	41,484,978	1,237,873
Total ERS				
Actuarial Accrued Liability - Active Members	\$ 1,569,656,299	\$ 1,562,998,189	\$ 1,573,669,540	\$ 10,671,351
Normal Cost Rate (%)	18.21%	17.67%	17.75%	0.09%
Total Actuarial Accrued Liability	\$ 5,075,056,637	\$ 5,068,398,527	\$ 5,079,069,878	\$ 10,671,351
Amortization of Unfunded Liability Rate (%)	1.12%	1.01%	1.15%	0.14%
County Contribution Requirement \$	73,968,420	70,587,784	71,825,657	1,237,873
County Contribution Requirement %	13.68%	13.03%	13.25%	0.22%
Funded Ratio (Actuarial Value of Assets)	98.6%	98.7%	98.5%	-0.2%



**Cost Impact Details of Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2023**

Group G	Scenario 1 - Benefit Reduces at Age 70		
	Baseline	Phase 2 Experience Study	
Actuarial Accrued Liability			
Active Members	\$ 461,718,501	\$ 454,691,070	\$ 465,362,421
DRSP/DROP Members	77,284,437	77,284,437	77,284,437
Terminated Vested Members	594,640	594,640	594,640
Retired Members and Beneficiaries	690,240,069	690,240,069	690,240,069
Total	1,229,837,647	1,222,810,216	1,233,481,567
Actuarial Value of Assets	\$ 1,127,961,214	\$ 1,127,961,214	\$ 1,127,961,214
Unfunded Actuarial Accrued Liability	\$ 101,876,433	\$ 94,849,002	\$ 105,520,353
Funded Ratio (Actuarial Value of Assets)	91.7%	92.2%	91.4%
Annual Gross Normal Cost			
Benefits	\$ 30,696,913	\$ 29,787,623	\$ 30,248,367
Expenses of Administration	965,174	965,174	965,174
Total	31,662,087	30,752,797	31,213,541
Amortization of Unfunded Liability ¹	\$ 10,006,073	\$ 9,494,308	\$ 10,271,437
Annual Contribution Requirement			
County Portion	\$ 33,548,257	\$ 32,113,894	\$ 33,351,767
Employee Portion	8,119,903	8,133,211	8,133,211
Total	41,668,160	40,247,105	41,484,978

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



**Projected County Contributions Based on Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2023**

Group G	Baseline	Phase 2 Experience Study	Scenario 1 - Benefit Reduces at Age 70
Projected County Contribution Requirement \$			
Fiscal Year 2025	\$ 33,548,257	\$ 32,113,894	\$ 33,351,767
Fiscal Year 2026	34,554,705	33,077,311	34,352,320
Fiscal Year 2027	35,591,346	34,069,630	35,382,890
Fiscal Year 2028	36,659,086	35,091,719	36,444,376
Fiscal Year 2029	37,758,859	36,144,471	37,537,708
5-Year Total	178,112,253	170,497,025	177,069,061
Difference from Phase 2 Experience Study Results			
Fiscal Year 2025		\$ -	\$ 1,237,873
Fiscal Year 2026		-	1,275,009
Fiscal Year 2027		-	1,313,259
Fiscal Year 2028		-	1,352,657
Fiscal Year 2029		-	1,393,237
5-Year Total		-	6,572,036

The County contribution requirement is projected to increase by 3% each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2023.

Data Summary
Actuarial Valuation as of July 1, 2023

	Valuation as of July 1, 2023							
	Non-Public Safety			Public Safety				
	Group A	Group H	Group J	Group E	Group F	Group G	GRIP	Total
Active Members								
Number	175	274	98	460	1,076	1,205	2,941	6,229
Average Age	59.7	60.6	49.3	42.5	39.9	39.0	48.3	45.5
Average Service	30.2	29.6	14.7	10.8	14.2	12.5	7.9	11.8
Average Pay	\$ 122,478	\$ 92,066	\$ 99,384	\$ 84,051	\$ 103,211	\$ 94,187	\$ 83,416	\$ 90,695
Total Base Payroll	\$ 21,433,655	\$ 25,225,984	\$ 9,739,649	\$ 38,663,619	\$ 111,054,938	\$ 113,495,892	\$ 245,325,540	\$ 564,939,277
Contribution Basis Payroll:								
For Normal Cost	\$ 19,417,042	\$ 22,769,114	\$ 9,094,889	\$ 36,916,035	\$ 106,898,116	\$ 109,469,719	\$ 235,003,608	\$ 539,568,523
For Amortization of Unfunded Liability	15,050,570	18,959,785	9,739,649	38,663,619	111,054,938	113,495,892	245,325,540	552,289,993
DRSP/DROP Members								
Number				29	84	64		177
Total Base Payroll				\$ 3,212,462	\$ 10,603,079	\$ 8,808,364		\$ 22,623,905
Total Benefits				1,684,460	6,976,663	5,067,896		13,729,019
Terminated Vested Members								
Number	18	24	4	25	48	18	631	768
Total Benefits	\$ 275,407	\$ 218,434	\$ 31,964	\$ 205,227	\$ 608,152	\$ 186,612		\$ 1,525,796
Retired Members and Beneficiaries								
Number							12	6,809
Total Benefits							\$ 183,184	\$ 309,153,544
Total Membership							3,584	13,983



**July 1, 2023 Actuarial Valuation Assumptions
Applicable to Group G**

The assumed rate of price inflation is 2.50%.

The assumed COLA is as follows:

	<u>Assumed COLA</u>
100% of CPI, benefit attributable to pre-7/1/2011 service	2.50%
60% of CPI, benefit attributable to pre-7/1/2011 service	1.50%
100% of CPI up to 3%, 60% of change in excess of 3%*, benefit attributable to pre-7/1/2011 service	2.45%
100% of CPI**, benefit attributable to service on or after 7/1/2011	2.20%

Assumed COLA for Group G members (for total benefit) is assumed to be 2.45%.

**Capped at 7.50%.*

***Capped at 2.50%.*

The following groups have a COLA equal to 60% of the increase in CPI:

- Unrepresented Non-Public Safety Enrolled 7/1/1978 & after-retired before 11/1/2001
- Certain Sheriffs and Inspectors Enrolled 7/1/1978 & after-retired prior to 11/1/2001
- Represented Non-Public Safety Enrolled 7/1/1978 & after-retired prior to 11/1/2001
- Sheriffs/Corrections Enrolled 7/1/1978 & after-retired prior to 11/1/2001
- Fire Enrolled 7/1/1978 & after-retired prior to 3/1/2000
- Police Enrolled 7/1/1978 & after-retired prior to 3/1/2000

The assumed rate of investment return used was 7.50%, net of expenses, annually.

Rates of Retirement (from Phase 2 of the experience study)

	<u>Group G</u>		
<u>Age</u>	<u>Under 20 or 21 - 24 Years of Service</u>	<u>20 Years of Service</u>	<u>25 Years of Service and Over</u>
Under 42	3.00%	8.00%	8.00%
42-44	3.00%	8.00%	8.00%
45-48	3.00%	10.00%	14.00%
49-51	7.00%	14.00%	14.00%
52-54	10.00%	17.00%	20.00%
55	10.00%	20.00%	20.00%
56-57	15.00%	30.00%	30.00%
58-59	15.00%	40.00%	40.00%
60-64	30.00%	40.00%	40.00%
65	100.00%	100.00%	100.00%



Benefit Provisions as of July 1, 2023

1. Social Security Wage Base

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

Year	Social Security Taxable Wage Base
2011	\$106,800
2012	\$110,100
2013	\$113,700
2014	\$117,000
2015	\$118,500
2016	\$118,500
2017	\$127,200
2018	\$128,400
2019	\$132,900
2020	\$137,700
2021	\$142,800
2022	\$147,000
2023	\$160,200

2. Social Security Maximum Compensation Level

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

Following are the 2023 Covered Compensation levels published by the Internal Revenue Service for select ages.

Calendar Year of Birth	Calendar Year of Social Security Retirement Age	2023 Covered Compensation Table II
1955	2022	\$91,884
1956	2023	95,172
1957	2024	98,376
1958	2025	101,484
1959	2026	104,544

3. Social Security Retirement Age

Age 65 for employees born prior to January 1, 1938.

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

Age 67 for employees born on or after January 1, 1955.

4. Regular Earnings

Gross pay for actual hours worked, excluding overtime.

Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group G member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.00% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

5. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

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

B. Benefit Amount:

1. Optional non-integrated plan:

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

2. Integrated plans:

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

Group G: 2.6% of average final earnings for each of the first 25 years of credited service, plus 1.25% of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits. Effective February 6, 2023, the benefit multiplier for sick leave credits is 5.0%.

b. From attainment of Social Security Retirement Age:

Group G: 1.7875% of average final earnings up to Social Security maximum covered compensation and 2.6% of average final earnings above Social Security maximum covered compensation for each of the first 25 years of credited service, plus 0.859375% of average final earnings up to Social Security maximum covered compensation and 1.25% of average final earnings above Social Security maximum covered compensation more than 25 years

up to a maximum of 31 years. Effective February 6, 2023, the benefit multiplier for sick leave credits is 3.4375%.

6. Post-Retirement Increases

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

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

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60% of CPI increase, limited to 5%. However, if over age 65 or disabled, then the maximum limit of 5% does not apply.
- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area up to 3%, plus 60% of any change in Consumer Price Index greater than 3%, not to exceed a total of 7.5% for years and months of credited service before July 1, 2011. The maximum 7.5% does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Effective for the COLA increases granted to Group G members after December 31, 2023: Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area up to 3%, plus 60% of any change in Consumer Price Index greater than 3%, not to exceed a total of 5% for all years and months of credited service.

Following are the recent COLA increases granted July 1.

COLA Granted July 1	100% of CPI, Pre 7/1/2011 Service	100% of CPI up to 3%, 60% of Change in Excess of 3%, Pre 7/1/2011 Service	100% of CPI, Capped at 2.5%, Post 7/1/2011 Service	60% of CPI
2020	-0.088%	-0.088%	-0.088%	-0.053%
2021	3.797%	3.478%	2.500%	2.278%
2022	7.518%	5.711%	2.500%	4.511%
2023	3.053%	3.032%	2.500%	1.832%

Disability Benefits:

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

Sick Leave:

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

DRSP Participants:

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

DROP Participants:

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

Transferred Service:

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

Purchased Service:

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

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 9-24: GROUP G PENSION – SOCIAL SECURITY INTEGRATION

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 9-24 will have a negative impact on racial equity and social justice (RESJ) in the County as it disproportionately benefits White employees and retirees of the Montgomery County Fire and Rescue Service at the expense of reducing \$1.2 million annually in operating budget revenue for other County programs that serve all residents. OLO offers one policy option for Council consideration.

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 inequities that have caused racial and social disparities.²

PURPOSE OF BILL 9-24

The Employees’ Retirement System (ERS) is one of five retirement plans offered to County employees.³ The ERS is a defined benefit plan, which provides a fixed, pre-established benefit for employees at retirement.⁴ Within the ERS, Group G employees include paid firefighters, fire officers, and rescue service personnel.⁵

The purpose of Bill 9-24 is to increase pension benefits for Group G employees. The Bill would implement provisions of the collective bargaining agreement between the County Executive and the Montgomery County Career Fire Fighter Association, International Association of Fire Fighters (Local 1664, AFL-CIO).⁶

Currently, after a Group G employee reaches the Social Security retirement age, their pension benefits are reduced. Table 1 shows the current Social Security retirement age, which differs depending on year of birth.⁷ If enacted, Bill 9-24 would instead require pension benefits to be reduced after the employee reaches the maximum Social Security retirement age of 70.

Table 1: Social Security Retirement Age by Birth Year	
Birth Year	Social Security Retirement Age
Before 1938	65
During or after 1938 and before 1955	66
During or after 1955	67

Source: Summary Description for Sworn Fire Personnel in Retirement Group G, Montgomery County Employee Retirement Plans.

The proposed changes would increase County expenditures by approximately \$600,000 in FY25 and by \$1.2 million annually after FY25.⁸

The Council introduced Bill 9-24, Group G Pension – Social Security Integration, at the request of the County Executive on April 9, 2024.

RESJ Impact Statement

Bill 9-24

Previously, OLO published RESJISs for:

- Expedited Bill 21-23, Fire and Rescue Services – Credited Service for Group G Members;⁹ and
- Expedited Bill 41-23, Fire and Rescue Services – Length of Service Awards Program for Volunteers – Amendments.¹⁰

This RESJIS builds on the RESJISs for Bills 21-23 and 41-23.

FIRE PERSONNEL AND RACIAL EQUITY

While civil service positions can offer a pathway to economic stability and mobility, inequitable policies and practices have put careers in public safety particularly out of reach for many Black, Indigenous, and Other People of Color (BIPOC).¹¹

Historically, societal beliefs in White supremacy contributed to the concept that White men were most suited for firefighting because they best demonstrated the traits of manliness, bravery, and nobility.¹² These beliefs extended to perceptions of the prototypical firefighter, despite a rich history of Black firefighting heroes going back to the early 19th century.^{13,14} Post-segregation, racial discrimination in firefighting was reinforced through nepotism and cronyism, and through training and testing requirements that hindered BIPOC applicants. Meanwhile, White male recruits often received special mentoring and reduced scrutiny in hiring.¹⁵ Similar exclusions also prevented women from entering firefighting professions.¹⁶ A Washington Post article from 1987 highlights how the underrepresentation of BIPOC and women in fire services has been a persistent problem in the County.¹⁷

Policies and practices rooted in historical racial inequities have resulted in the underrepresentation of BIPOC and overrepresentation of White people among public safety professionals today. National data demonstrates that among people employed as firefighters in the U.S.:¹⁸

- 1 percent were Asian, compared to 7 percent of people who are employed.
- 8 percent were Black, compared to 13 percent of people who are employed.
- 88 percent were White, compared to 77 percent of people who are employed.
- 17 percent were Latinx, compared to 19 percent of people who are employed.

Local data also demonstrates racial disproportionalities among Montgomery County Fire and Rescue Service (MCFRS) personnel. Specifically, among uniformed MCFRS personnel:^{19,20}

- 2 percent were Asian, compared to 15 percent of County constituents.
- 10 percent were Black, compared to 18 percent of County constituents.
- 75 percent were White, compared to 41 percent of County constituents.
- 7 percent were Latinx, compared to 20 percent of County constituents.

RESJ Impact Statement

Bill 9-24

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 9-24 on RESJ in the County, OLO recommends the consideration of two related questions:

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

For the first question, OLO considered the demographics of uniformed MCFRS personnel, since they would benefit from the increased pension proposed in Bill 9-24. As previously described, local data suggests White people are overrepresented among uniformed MCFRS personnel, while BIPOC are underrepresented.

For the second question, OLO considered how the Bill could affect representation in firefighting, given the pervasive underrepresentation of BIPOC in the profession. An increased pension could generally attract more people to firefighting roles in the County. However, absent changes to recruitment strategies, hiring and promotion practices, and organizational culture, it is unlikely this incentive alone would attract or retain sufficient BIPOC to reduce existing disproportionalities.

OLO anticipates Bill 9-24 will have a negative impact on RESJ in the County. Bill 9-24 would reallocate up to \$1.2 million annually from programs and services that benefit all residents to MCFRS employees who are disproportionately White.

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.²¹ OLO anticipates Bill 9-24 will have a negative impact on RESJ in the County. Should the Council seek to improve the RESJ impact of this Bill, the following policy option can be considered:

- **Review findings and recommendations from comprehensive equity assessment with MCFRS staff and BIPOC community stakeholders.** In September 2022, the National Academy of Public Administration (NAPA) published a comprehensive equity assessment for MCFRS. NAPA was tasked with evaluating the following areas in MCFRS through the lens of Diversity, Equity, and Inclusion (DEI):²²
 - Internal practices (recruiting, hiring, training, promotions, evaluations);
 - Member perceptions of organizational commitment to DEI;
 - Knowledge of community characteristics;
 - Citizen complaints and outcomes;
 - Emergency and non-emergency calls for service; and
 - Trust and knowledge of the Equal Employment Opportunity (EEO) complaint process.

The Council could discuss findings and recommendations from the report with MCFRS staff and BIPOC community stakeholders to identify policy solutions and investments for diversifying the MCFRS workforce, including volunteers, and addressing other RESJ concerns arising from the assessment. For instance, the report recognized that reactivating and investing in MCFRS's high school cadet program, including making it a paid program, could be a promising strategy for increasing diversity in MCFRS.

RESJ Impact Statement

Bill 9-24

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 [About Montgomery County Employee Retirement Plans](#), Montgomery County Employee Retirement Plans.

⁴ [Defined Benefit Plan](#), Internal Revenue Service, Updated June 15, 2022.

⁵ [Summary Description for Sworn Fire Personnel in Retirement Group G](#), Montgomery County Employee Retirement Plans, August 2023, pg. 1.

⁶ [Introduction Staff Report for Bill 9-24](#), Montgomery County Council, April 9, 2024.

⁷ Summary Description for Sworn Fire Personnel in Retirement Group G, pgs. 10-11

⁸ Introduction Staff Report for Bill 9-24

⁹ [RESJIS for Expedited Bill 21-23](#), Office of Legislative Oversight, April 25, 2023.

¹⁰ [RESJIS for Expedited Bill 41-23](#), Office of Legislative Oversight, November 29, 2023.

¹¹ Ginger Adams Otis, “[Why So Few of New York’s Bravest are Black](#),” The Atlantic, June 6, 2015.

¹² Clarence Taylor, “[Black Firefighters and the FDNY](#),” Book review of David Goldberg, Black Firefighters and the FDNY: The Struggle for Jobs, Justice, & Equity in New York City, New York Labor History Association, 2021.

¹³ Addington Stewart, “[I Was a Firefighter for 35 Years. Racism Today is as Bad as Ever](#),” The New York Times, September 12, 2018.

¹⁴ “[The U.S. Fire Administration Celebrates Black History Month](#),” U.S. Fire Administration, February 1, 2024.

¹⁵ Stewart

¹⁶ Otis

¹⁷ Jo-Ann Armao, “[Minorities, Women are Rare in Montgomery Fire System](#),” The Washington Post, October 6, 1987.

¹⁸ [Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity](#), Bureau of Labor Statistics, U.S. Department of Labor, 2023.

¹⁹ OLO analysis of [MCG Personnel Management Review](#), dataMontgomery, April 3, 2023. Latinx people are not included in other racial groups for this data point.

²⁰ [Table DP05: ACS Demographic and Housing Estimates](#), 2022 American Community Survey 5-Year Estimates, Census Bureau. Latinx people are not included in other racial groups for this data point.

²¹ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

²² “[Building Organizational Capacity for Diversity, Equity, and Inclusion in the Fire and Rescue Service](#),” NAPA, September 2022.