

Public Hearing Testimony for MCREA on OPEB Policy Change in FY23 Recommended Budget

Public Hearing date: April 20

Good afternoon, President Albornoz and Council Members. I am Sara Harris representing the Board of Directors of the Montgomery County Retired Employees' Association (MCREA) on behalf of Montgomery County Government retirees.

We are very concerned about the **change to the OPEB Funding Policy in the CE recommended FY23 budget from contributing to the health trust fund to withdrawing funds from the trust to help pay for the County's portion of retiree group insurance premiums in FY23.**

This policy change was made with no input from MCREA, the Board of Trustees or, as we understand, from any Councilmembers. For FY23 the action translates to an OPEB contribution of \$zero and a deduction from the trust of \$20M.

The long-term implications would be increased premiums or reduced benefits for our 7000+ retirees or the need to replace market gains in the Trust with **additional taxpayer dollars.**

County employees, now retired, provided their best service efforts over many years and rely on their share of the health insurance premiums and benefits to be stable and fair; **this** is very disturbing.

Last year the health trust returns were significantly above average but so far in FY22 the markets have produced an estimated return near zero.

It was our understanding that a work group would be formed prior to any change in the Funding Policy, and that policy would indicate when funds would be withdrawn from the Trust to help pay the employer premiums.

We appreciate your expression of support in our meeting on March 29 and hope that before this policy change is accepted by the Council an updated Funding Policy is created and that MCREA is invited to provide input.

Thank you!