

# Economic Impact Statement

Montgomery County, Maryland

## Bill 28-24      Employees' Retirement System and Other Post Employment Benefits – Administration – Powers and Duties

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 28-24 would have an insignificant impact on economic conditions in the County in terms of the Council's priority indicators.

### BACKGROUND AND PURPOSE OF BILL 28-24

As described by Montgomery County Employee Retirement Plans (MCERP), "MCERP is responsible for the administration of over nearly \$7.3 billion in assets for approximately 9,500 active employees and 6,500 retirees."<sup>1</sup> Along with the Chief Administration Officer (CAO), two trustees administer and invest MCERP funds:<sup>2,3</sup>

- **Board of Investment Trustees – Employee Retirement Plans (ERP):** manages trust that funds the County's retirement system.<sup>4</sup>
- **Consolidated Retiree Health Benefits Trust – Board of Trustees (CRHBT):** manages trust that funds benefits provided under County retiree benefit plans, including health and life insurance benefits.<sup>5</sup>

The purpose of Bill 28-24 is "to alter and clarify the governing structures and responsibilities of the Boards and the CAO." If enacted, Bill 28-24 would move the following responsibilities from the CAO to the Board for ERP:<sup>6</sup>

- To select and retain an actuary for the retirement system; and
- To determine the actuarial cost method, and the mortality, turnover, interest rates, and other assumptions to be used in actuarial and other computations for the retirement system.

According to a lead sponsor for the Bill, the change would be consistent with "fiduciary best practices, aligning risk with long-term actual assumptions rather than short-term budget constraints."<sup>7</sup>

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<sup>1</sup> [About Montgomery County Employee Retirement Plans](#), Montgomery County Employee Retirement Plans.

<sup>2</sup> [Introduction Staff Report for Bill 28-24](#), Montgomery County Council, introduced December 3, 2024.

<sup>3</sup> [Trustees](#), Montgomery County Employee Retirement Plans.

<sup>4</sup> [Montgomery County Code § 33-58 and 33-59](#)

<sup>5</sup> [Montgomery County Code § 33-159 and 33-160](#)

<sup>6</sup> Introduction Staff Report for Bill 28-24.

<sup>7</sup> Video: Dec. 3, 2024 - Council Session (am), [Councilmember Friedson remarks circa 2:05:36](#), MoCoCouncilMD YouTube, December 3, 2024.

The Council introduced Bill 28-24 on December 3, 2024.

## **INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS**

As required by 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 28-24 on residents and private organizations in relation to Council’s priority economic indicators. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.<sup>8</sup> Clarifying the governing structures and responsibilities of the Boards and the CAO would have no direct effect on the Council’s priority economic indicators. For this reason, OLO anticipates that the Bill would have insignificant economic impacts on private organizations, residents, and overall economic conditions in the County.

## **VARIABLES**

Not applicable

## **IMPACTS**

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

Not applicable

## **DISCUSSION ITEMS**

Not applicable

## **CAVEATS**

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

## **CONTRIBUTIONS**

Stephen Roblin (OLO) prepared this report.

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<sup>8</sup> “[Sec. 2-81B, Economic Impact Statements](#),” Montgomery County Code.