

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 28-24: EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST EMPLOYMENT BENEFITS – ADMINISTRATION – POWERS AND DUTIES

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 28-24 will have a minimal impact on racial equity and social justice (RESJ) in the County. The proposed changes to the administration of the County's retirement system are unlikely to impact racial and social inequities or disparities in the County.

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 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."³ Along with the Chief Administrative Officer (CAO), two trustees administer and invest MCERP funds:^{4,5}

- **Board of Investment Trustees – Employee Retirement Plans (ERP):** manages trust that funds the County's retirement system.⁶
- **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.⁷

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:⁸

- 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."⁹

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

RESJ Impact Statement

Bill 28-24

ANTICIPATED RESJ IMPACTS

OLO anticipates Bill 28-24 will have a minimal impact on RESJ in the County. The proposed changes to the administration of the County's retirement system are unlikely to impact racial and social inequities or disparities in the County.

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.¹⁰ OLO anticipates Bill 28-24 will have a minimal impact on RESJ. As such, OLO does not offer recommended amendments.

CAVEATS

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

CONTRIBUTIONS

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

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

² Ibid.

³ [About Montgomery County Employee Retirement Plans](#), Montgomery County Employee Retirement Plans.

⁴ [Introduction Staff Report for Bill 28-24](#), Montgomery County Council, introduced December 3, 2024, PDF pg. 3.

⁵ [Trustees](#), Montgomery County Employee Retirement Plans.

⁶ [Montgomery County Code § 33-58 and 33-59](#)

⁷ [Montgomery County Code § 33-159 and 33-160](#)

⁸ Introduction Staff Report for Bill 28-24, PDF pg. 3.

⁹ Video: Dec. 3, 2024 - Council Session (am), [Councilmember Friedson remarks circa 2:05:36](#), MoCoCouncilMD YouTube, December 3, 2024.

¹⁰ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council