

**PRINCE GEORGE'S COUNTY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: 5/12/98

Reference No.: CR-33-1998

Proposer: County Executive

Draft No.: 2

Sponsors: Del Giudice, Scott, Wilson

Item Title: A Resolution amending the Salary Plan to reflect the employee contribution rate for the Supplemental Pension Plan and other modified benefits for General Schedule employees

Drafter: Barbara L. Holtz
Office of Law

Resource Personnel: Joseph Adler
Personnel & Labor Relations

LEGISLATIVE HISTORY:

| | | | | |
|----------------------------|-------------|--------------------------|------------------------|-------------|
| Date Presented: | ___/___/___ | Executive Action: | ___/___/___ | ___ |
| Committee Referral: | 4/7/98 | PSFM | Effective Date: | ___/___/___ |
| Committee Action: | 4/30/98 | FAV(A) | | |
| Date Introduced: | 4/7/98 | | | |
| Pub. Hearing Date: | ___/___/___ | ___:___ | | |

Council Action: 5/12/98 ADOPTED

Council Votes: RVR:A, DB:-, SD:A, JE:A, IG:A, TH:A, WM:A, AS:A, MW:A

Pass/Fail: P

Remarks: _____

PUBLIC SAFETY AND FISCAL MANAGEMENT COMMITTEE REPORT Date: 4/30/98

Committee Vote: Favorable as amended, 4-0, (In favor: Council Members Estepp, Hendershot, Scott and Wilson).

This resolution will amend the General Schedule Salary Plan to reflect a decrease in the employee contribution rate to be consistent with the most recent actuarial valuation conducted by Watson Wyatt and Company. Also, there are enhancements to the County's health and life benefits programs. The employee contribution rate to the Supplemental Pension Plan is decreased from 4.45% to 4.27% as approved by the Board of Trustees. (pp 3, lines 13-15)

The employer contribution to the HMO is decreased from 85% to 80% of the cost of coverage while the participating employees' contribution is increased from 15% to 20%. (pp 4, lines 24-27)

The enhancements to the County's life insurance program provide options for General Schedule and Exempt status employees to either decrease the amount of basic life insurance to the amount of the employee's salary or increase the amount of basic life insurance to the amount of the employee's salary or increase the amount of life insurance up to six times the employee's salary to a maximum of \$750,000. The County will continue to pay one hundred percent (100%) of the monthly premium for life insurance for each employee in the amount of two times the employee's annual salary up to a maximum amount established in the Salary Plans. (pp 5, lines 19-23) Also, the County will continue paying a death benefit of \$5,000 upon the death of any County employee whose death results from an accidental personal injury arising out of and in the course of employment. (pp 5, lines 23-25)

Regarding health benefits, the enhancements provide a new indemnity medical option and/or allow employees who provide proof of other medical coverage an option to receive "opt out" credit instead of enrolling in a County sponsored medical plan and an "opt out" credit for employees who choose not to enroll in the Prescription Drug Plan. (pp 5, lines 1-8) Also, employees have the option to enroll in a Long-Term Disability Program offering 50% to 60% of annual salary and a Flexible Spending Account for health and dependent care expenses. The minimum amount that may be contributed to the Flexible Spending Account is \$5 per pay period. (pp 5, line 11-16)

There will be a positive fiscal impact on the County in the amount of approximately \$50,735 related to the decrease in the employer contribution rate. Although the employee contribution rate is decreasing from 4.45% to 4.27%, there is no impact on the County related to the reduction of the employee portion. Savings will be realized by County employees depending on their current salary levels. It should be noted, however, if the current contribution rates are maintained until the next actuarial study (scheduled for January 1999), significant future savings may be realized. The amount of future savings, as a result of holding the contribution rates constant, would depend on how well the Plan's assets perform in the market and the portion of unfunded liability reduced between now and the next scheduled actuarial study.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation will amend the General Schedule Salary Plan to lower the employee contribution rate for the Supplemental Pension Plan to be consistent with the most recent actuarial valuation as well as to reflect the enhancements made to the health and life benefit programs.

CODE INDEX TOPICS: