

## Office of the County Auditor Auditor's Analysis

### Council Bill No. 27-2021

Introduced: April 5, 2021

Auditor: Owen Clark

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#### Fiscal Impact:

This legislation will only have a fiscal impact to the extent that eligible employees are sworn in after the change goes into effect on July 1, 2021.

The County's actuary has determined this benefit change will result in a cost increase of approximately 11.1 percent of each participating employee's annual salary. Based on this estimate and personnel information provided by the Administration, we expect a:

- \$39,877 increase in Fiscal Year 2022 if all eight vacant Deputy Sheriff positions are filled. However, this cost would increase for any employee turnover that results in another position being filled in FY 2022.
- \$450,319 annual increase once all Deputy Sheriffs are participating in the amended retirement plan based on current salaries. However, these costs will likely increase by the time all personnel have turned over. **Please note, this is more than the Administration's revised total cost estimate of \$410,441 because it excluded the FY 2022 expected cost increase from its estimated total increase.**

#### Purpose:

The purpose of this legislation is to make changes to the Howard County Sheriff's retirement plan that will take effect starting July 1, 2021. Most notably, it will amend the retirement benefits of participating Deputy Sheriff employees to be aligned with those benefits received by Department of Corrections employees. A summary of all the proposed changes includes:

- Amending retirement benefits to provide participating Deputy Sheriff employees a normal retirement date after 20 years of service, 8.5 percent employee contributions, and increased annual benefit accruals.
- Requiring new Corrections and Deputy Sheriff employees to participate in their respective retirement plan tier at least five years before they can receive retirement benefits as if they participated in the tier their entire tenure with the County. Otherwise, their benefits will be determined based on the amount of time they spent participating in each benefit plan tier while employed by the County.

- Precluding current and retired Corrections employees from being impacted by the change in the above point.
- Keeping the plan in line with IRS guidance, which would prevent Deputy Sheriff employees from changing pension tiers if they are rehired.

Other Comments:

The Administration has indicated an amendment is pending for Section 1.410(d)(2) of the Howard County Code. It will address an unintended consequence of the current text that prevents terminated Deputy Sheriff employees that were sworn in after July 1, 2021, from continuing participation in the proposed Deputy Sheriff benefit tier when they are rehired.

The amendment will clarify two things:

- An employee who was a member of the old benefit tier who terminates and is rehired would remain a member of the old tier, and
- A new member of the new proposed tier, effective July 1, 2021, who terminates and is rehired would remain a member of the new proposed benefit tier.