

## Response to Questions on the FY 2013 Budget

**Request By:** Supervisor Foust

**Question:** Please compare the percent of retirement paid by local Maryland school districts to that paid by FCPS.

**Response:** The following response was prepared by Fairfax County Public Schools (FCPS):

The FCPS provides pension support through three systems. Participation in the varied systems is dependent on the type of position the employee holds and whether or not they are full or part-time. Currently, FCPS contributes both the employer and employee share into the VRS (Virginia Retirement System). In the early seventies, ERFC (Educational Employees' Supplementary Retirement System of Fairfax County) was created as a supplement to the VRS. FCPS currently provides an employer contribution to ERFC and employees also contribute. The combination of VRS and ERFC are meant to be comparable to FCERS (Fairfax County Employees' Retirement System). Select FCPS employees participate in FCERS in lieu of VRS/ERFC. FCPS provides an employer contribution and employees pay one of two rates, depending on their choice of the plan A or plan B benefit level.

Maryland's funding approach is different in that the localities do not pay directly into the state pension programs. For FY 2013, the actuarially determined, defined benefit pension employer cost for the Maryland state plan is 17.76 percent of salary; however, the budgeted state cost, excluding the impact of reinvestment savings, is 13.29 percent. Employee contributions are also required. Montgomery County is the only Maryland jurisdiction with a supplemental plan and MCPS (Montgomery County Public Schools) provides an employer contribution. MCPS employees contribute a number of differing amounts, depending on their plan participation alternative.

Costs for pension programs are generally shown as a percentage of salary and vary annually. The attached chart provides a pension cost comparison for Montgomery and Fairfax Counties teachers for the current and upcoming fiscal years. The chart reflects costs for both the state programs and local supplemental cost.

<b>County</b>	<b>Retirement Plan(s)</b>	<b>FY 2012 State/ Employer Rate</b>	<b>FY 2012 Employee Rate</b>	<b>Proposed FY 2013 State/ Employer Rate</b>	<b>Proposed FY 2013 Employee Rate</b>
Montgomery teachers	MD Teacher Pension	15.45% <sup>1</sup>	7.00%	13.29% <sup>2</sup>	7.00%
	Local Plan	1.50%	0.50%	1.50%	0.50%
	<b>Total</b>	<b>16.95%</b>	<b>7.50%</b>	<b>14.79%</b>	<b>7.50%</b>
Fairfax teachers	VRS	6.33%	5.00% <sup>3</sup>	11.66%	5.00% <sup>4</sup>
	Local Plan -- ERFC	4.34%	4.00%	4.34%	4.00%
	<b>Total</b>	<b>10.67%</b>	<b>9.00%</b>	<b>16.00%</b>	<b>9.00%</b>
Fairfax County (Includes FCPS Participants)	FCERS (Plan A) <sup>5</sup>	17.20%	4.00%	19.05%	4.00%
	FCERS (Plan A, above Social Security Wage Base and Plan B) <sup>5</sup>	17.20%	5.33%	19.05%	5.33%

<sup>1</sup> The State of Maryland makes this contribution rather than Montgomery County Public Schools (MCPS).

<sup>2</sup> Under discussion whether MCPS will make this contribution or the State of Maryland will continue to pay.

<sup>3</sup> Paid by Fairfax County Public Schools.

<sup>4</sup> Legislation passed by the Virginia Senate and House will require employees to pay the 5.00% employee contribution rate.

<sup>5</sup> Employees make either a 4.00% or 5.33% contribution depending on their choice of the FCERS plan A or plan B benefit level and wages above the Social Security wage base.