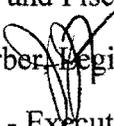


Worksession

MEMORANDUM

April 29, 2009

TO: Management and Fiscal Policy Committee
FROM: Justina J. Ferber,  Legislative Analyst
SUBJECT: Worksession - Executive's Recommended FY11 Operating Budget
Merit System Protection Board (MSPB)

The following persons will be present for the worksession:

Kathleen Taylor, Executive Secretary, Merit System Protection Board
John Cuff, Budget Analyst, Office of Management and Budget

The Merit System Protection Board Budget is on pages 20-1 to 20-2 of the FY11 Recommended Operating Budget. A copy is attached at ©1.

OVERVIEW

The County Executive's recommended budget for the Merit System Protection Board for FY11 is \$147,460 a decrease of \$12,500 or 7.8% from the FY10 approved budget of \$159,960. Personnel costs comprise 89.4% of the budget.

(in \$000's)	FY09 Actual	FY10 Approved	FY11 CE Recommended	% Change FY09-FY10
Expenditures:				
General Fund	148,764	159,960	147,460	-7.8%
Grant Fund	-	-	-	
TOTAL Expenditures	148,764	159,960	147,460	-7.8%
Positions:				
Full-time	-	-	-	
Part-time	2	2	2	
TOTAL Positions	2	2	2	0.0%
WORKYEARS	1.0	1.0	1.0	0.0%

The Merit System Protection Board is composed of three members who are appointed by the County Council. Members of the Board conduct worksessions and hearings in the evenings as required and are compensated with an annual salary as prescribed by law. The Board is supported with a part-time Executive Secretary and Principal Administrative Aide.

Identified Same Services Adjustments:	
Group Insurance Adjustments	\$ 520
Retirement Adjustment	\$ 590
Board Member Compensation	\$ (270)
Printing and Mail Adjustment	\$ (280)
Reduce Operating Expenses	\$ (2,410)
Furlough Days	\$ (3,290)
Annualization of FY10 Personnel Costs	\$ (7,360)
NET SAME SERVICES ADJUSTMENT TOTAL	\$ (12,500)

FY11 EXPENDITURE ISSUES

Groups Insurance Costs: Major changes in the Merit System Protection Board budget relate to reductions in operating expenses and personnel costs/furlough days. The main portion of the budget reduction is attributable to group insurance savings as staff's dependents are no longer eligible for coverage. This situation may change under new the federal health care legislation. If dependents again become eligible to be covered, the group insurance costs could increase MSPB expenses beyond its FY11 budget. Council staff is highlighting this issue as a potential cost overrun for FY11.

Cost of Transcripts: Another issue relates to transcript costs which are a significant portion of the MSPB's operating expenses. MSPB staff has been careful with expenses; however, there is little leeway in the budget to absorb additional expenses related to unforeseen transcript costs. It is anticipated that the number of grievances filed with the MSPB will increase as the County works through the FY11 reductions in force. Council staff is highlighting this issue as a potential cost overrun for FY11.

Classification and Compensation Audit: The third and final issue is the request of the MSPB to postpone the FY11 Classification and Compensation Audit until the County's budget situation improves. This audit has been postponed several times and more recently until FY11. The last audit that was performed in April 2001 found that the Office of Human Resources was administering the classification, regulations, policies and procedures in the prescribed manner. The Personnel Regulations require the MSPB to "have a consultant who is a specialist in the field and independent of the county government conduct an objective audit of the entire classification and compensation plan and procedures" once every five years.

The Board advises that it does not have any information indicating there is "any immediate need to conduct such an audit." No funding is included in the FY11 recommended budget for the audit.

The regulations authorize the MSPB to postpone the audit if approved by the Council. Council staff recommends that the audit be postponed until FY13.

Staff Recommendation

- **Staff recommends approval of the Merit System Protection Board budget as submitted for \$147,460, and the postponement of the Classification and Compensation Audit until FY13.**

Attachment:MSPB Budget	©1
MSPB Letter -Postponement of Classification & Compensation Audit	©3
Resolution 16-997 – Postponement of FY10 Audit	©4

Merit System Protection Board

MISSION STATEMENT

The mission of the Merit System Protection Board is to oversee the merit system and protect employee and job applicant rights guaranteed under the merit system law.

BUDGET OVERVIEW

The total recommended FY11 Operating Budget for the Merit System Protection Board is \$147,460, a decrease of \$12,500 or 7.8 percent from the FY10 Approved Budget of \$159,960. Personnel Costs comprise 89.4 percent of the budget for no full-time positions and two part-time positions for one workyear. Operating Expenses account for the remaining 10.6 percent of the FY11 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

❖ *A Responsive, Accountable County Government*

PROGRAM CONTACTS

Contact Kathleen Taylor of the Merit System Protection Board at 240.777.6620 or John Cuff of the Office of Management and Budget at 240.777.2762 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Merit System Oversight

The Merit System Protection Board oversees the merit system and protects employee and job applicant rights guaranteed under the merit system; conducts or authorizes periodic audits of the classification system; comments on any proposed changes in the merit system law or regulations; reviews the need to amend laws or regulations; and adjudicates appeals from grievances, removals, demotions, and suspensions upon request of the employee. Personnel Management Oversight includes investigations, audits, or special studies of all aspects of the merit system. The Board publishes an annual report and convenes an annual public forum on personnel management issues.

BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	105,832	106,010	106,460	100,850	-4.9%
Employee Benefits	32,007	35,640	28,870	30,990	-13.0%
County General Fund Personnel Costs	137,839	141,650	135,330	131,840	-6.9%
Operating Expenses	10,925	18,310	18,120	15,620	-14.7%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	148,764	159,960	153,450	147,460	-7.8%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	2	2	2	2	—
Workyears	1.0	1.0	1.0	1.0	—

FY11 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY10 ORIGINAL APPROPRIATION	159,960	1.0
Other Adjustments (with no service impacts)		
Increase Cost: Retirement Adjustment	590	0.0
Increase Cost: Group Insurance Adjustment	520	0.0
Decrease Cost: Board Member Salaries	-270	0.0
Decrease Cost: Printing and Mail Adjustment	-280	0.0
Decrease Cost: Reduce Operating Expenses	-2,410	0.0
Decrease Cost: Furlough Days	-3,290	0.0
Decrease Cost: Annualization of FY10 Personnel Costs	-7,360	0.0
FY11 RECOMMENDED:	147,460	1.0

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY11	FY12	FY13	FY14	FY15	FY16
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY11 Recommended	147	147	147	147	147	147
No inflation or compensation change is included in outyear projections.						
Restore Personnel Costs	0	3	3	3	3	3
This represents restoration of funding to remove FY11 furloughs.						
Subtotal Expenditures	147	151	151	151	151	151



MERIT SYSTEM PROTECTION BOARD
MEMORANDUM

April 1, 2010

TO: Duchy Trachtenberg
Chair
Management & Fiscal Policy Committee
Montgomery County Council

FROM: Rodella E. Berry, Chairperson
Merit System Protection Board

SUBJECT: Postponement of FY11 Classification and Compensation Audit

As you are aware, the Code of Montgomery County Regulations, §33.07.01.09(g)(2)(A), requires that at least once every five years, the Merit System Protection Board (Board) must have a consultant, who is a specialist in the field and independent of the County Government, conduct an audit of the County's entire classification and compensation plan and procedures. While this audit has already been postponed for several years, given the enormous County budget shortfall projected for FY11, the Board has determined that it would not be prudent to expend funds on an audit of the County's classification and compensation plans in the coming fiscal year.

The Board has no information indicating there is any immediate need to conduct such an audit. The last audit, dated April 25, 2001, found that the Office of Human Resources was administering the classification regulations, policies and procedures in accordance with the merit system. Accordingly, the Board recommends that the Council postpone the audit until the County's budget situation improves.

Should you have any questions concerning the Board's position, please feel free to call the Board's Executive Director at (240) 777-6620.

Resolution No.: 16-997
Introduced: June 9, 2009
Adopted: June 16, 2009

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Postponement of FY10 Audit of the Montgomery County Classification and Compensation Plans and Procedures

Background

1. The Code of Montgomery County Regulations (COMCOR), §33.07.01.09(h)(2)(A) provides: “At least once every 5 years, the Merit System Protection Board (MSPB) must have a consultant who is a specialist in the field and independent of the county government conduct an objective audit of the entire classification and compensation plan and procedures.”
2. COMCOR §33.07.01.09(h)(2)(A) allows MSPB to postpone the audit with the approval of the County Council.
3. By memorandum dated November 5, 2003 Harold Kessler, MSPB Chairman, requested a deferral of the FY05 audit of the Montgomery County Classification and Compensation Plans and Procedures, explaining that the Board did not have any information indicating there is an immediate necessity and did not see an absolute need to conduct an audit of the systems in FY05. He noted that the last audit, dated April 25, 2001, found that the Office of Human Resources was administering the classification regulations, policies, and procedures in a manner prescribed.
4. On May 4, 2004 the Council approved Resolution No. 15-592, which approved deferral of the audit until FY08.
5. On April 25, 2007 the Management and Fiscal Policy Committee recommended MSPB postpone the audit until FY10. The Council approved Resolution 16-193 on June 19, 2007, which approved deferral of the audit until FY10.
6. By memorandum dated December 3, 2008 Charla Lambertsen, MSPB Chairperson, requested a deferral of the FY10 audit due to projected budget shortfalls, and noted again that there is no information indicating there is an immediate need to conduct the audit.

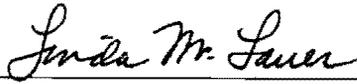
7. On April 16, 2009 the Management and Fiscal Policy Committee recommended MSPB postpone the audit until FY11.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The audit of the Montgomery County Classification and Compensation Plans and Procedures is postponed until FY11, with the assumption that the following audit would be scheduled five years later unless the Council approves another deferral.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council