

MEMORANDUM

February 26, 2016

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Action:** Bill 51-15, Non-merit employees – Salary Schedule - Established

Government Operations and Fiscal Policy Committee recommendation (2-0, Councilmember Riemer absent): approve the Bill with staff amendments.

Bill 51-15, Non-merit employees – Salary Schedule - Established, sponsored by Lead Sponsor Councilmember Leventhal and Co-sponsors Councilmembers Elrich and Rice, was introduced on December 8, 2015. There were no speakers at the January 12 public hearing. A Government Operations and Fiscal Policy Committee worksession was held on February 4.

Bill 51-15 would establish a salary schedule for heads of departments and principal offices, and other non-merit employees. The Bill would require the Executive to propose a salary schedule for heads of departments and principal offices, and other non-merit employees in the Executive Branch for approval by the Council as part of the annual operating budget for the County government. The Bill would also require the Council to establish a salary schedule for non-merit employees in the Legislative Branch as part of the operating budget. Non-merit employees would be paid a salary within the appropriate salary schedule. The Bill would permit the Executive to exceed the salary schedule established for a position for an individual employee, subject to Council approval, if the Executive finds that it is necessary to attract or retain a senior leader for a specific position. The Lead Sponsor, Councilmember Leventhal explained the purpose of the Bill in a memorandum to his colleagues at ©5 and added some additional information in a February 1 memorandum at ©9.

Background

The County needs a compensation system designed to attract and retain highly competent senior leaders as heads of departments and principal offices, and other non-merit employees. It is also important to ensure that the compensation system is in line with other competing organizations. The Council's Office of Legislative Oversight (OLO) recently issued Memorandum Report 2016-1, *Comparative Data on High-Level Manager Salaries*. The Report can be viewed at:

http://www.montgomerycountymd.gov/OLO/Resources/Files/2015_Reports/OLOMemorandumReport2016-1.pdf. OLO found that salaries for County non-merit employees was the highest in

the Washington-Baltimore region and higher than most non-local jurisdictions surveyed. The Chief Administrative Officer's comments and the response to the CAO's comments from OLO can be viewed at:

<http://www.montgomerycountymd.gov/OLO/Resources/Files/2016%20Reports/CombinedResponseandComments2016-1.pdf>.

In the fall of 2015, the Executive retained Public Financial Management (PFM) to do an Executive Compensation Study for the County. A copy of the PFM Report can be viewed at: http://www.montgomerycountymd.gov/council/Resources/Files/REPORTS/Exec_Comp_Study_Report_1-28-2016.pdf. The PFM Report looked at total compensation for directors, other non-merit positions, and merit system management positions. PFM concluded that the County's executive cash compensation lagged behind the private sector and was in the top quartile of other local government employers. The PFM regional comparison table for directors and other non-merit positions is consistent with the findings in the OLO Report. See ©11. PFM reviewed 16 different director and non-merit local government positions in the region, and found that Montgomery County total cash compensation ranked either 1st or 2nd in 12 of these 16 positions. Montgomery County ranked in the top third in 3 positions and top half in the other position. Although PFM pointed out that the County rankings dropped when looking at maximum salaries, this comparison is meaningless. Montgomery County does not have a maximum salary for directors or other non-merit salaries because it does not have salary schedules for these positions.

While the PFM report may be useful for determining future salary schedules, the Bill would not dictate what the salary schedules for non-merit employees should be. The Bill would simply require the re-establishment of salary schedules for non-merit senior leaders.

February 4 GO Worksession

Lead Sponsor, Councilmember George Leventhal, attended the worksession. Shawn Stokes, Human Resources Director, represented the Executive Branch. Robert Drummer, Senior Legislative Attorney, represented the Council staff. Councilmember Leventhal explained the purpose of the Bill. The Committee discussed the Bill and the staff recommendation to make the Bill expedited and apply it to employees hired or promoted into a non-merit position after the approval of the first salary schedule. Ms. Stokes said the Executive does not oppose the Bill and the Office of Human Resources was ready to develop the salary schedules. The Committee recommended (2-0, Riemer absent) approval of the Bill with the staff recommendation.

Issues

1. Do other government agencies have salary schedules for non-merit senior leaders?

OLO found that the Federal government has a salary schedule for non-merit positions that are appointed by the President, typically with the advice and consent of the Senate. There are 5 levels of this Executive Schedule ranging from Cabinet Secretaries to appointed directors and deputy directors across multiple federal agencies. See the excerpt from the OLO report at ©6. OLO also found that the State of Maryland has a salary schedule for non-merit executives in State government. See the Maryland Executive Pay Plan at ©7. Howard and Prince George's Counties in Maryland and Arlington and Fairfax Counties and the City of Alexandria in Virginia also have salary schedules for non-merit executives.

Prior to 1997, each County employee holding a non-merit position was paid within a salary schedule approved by the Council in the operating budget. Each department director was assigned a specific salary grade that coincided with a salary schedule. See the Appendix to OLO Memorandum Report 2016-1 showing the former salary grades for County department directors at ©8. Bill 51-15 would not mandate any specific salary schedule. It would require the Executive and Council to re-establish a salary schedule for each non-merit position. The Bill would apply to any employee who is hired or promoted to head of a department or principal office or other non-merit position after the date when this Act becomes law.

2. What is the fiscal and economic impact of the Bill?

OMB estimated that the Bill would require a one-time expenditure of \$4,350 in OHR employee time and \$35,727 in DTS employee time to implement the salary schedules. The DTS time to input the salary schedules into the County database was unexplained. The creation of salary schedules by OHR should not have a significant fiscal impact since both the OLO Report and the PFM Report recently benchmarked salaries for comparable positions in the region. Finance found that the Bill is unlikely to have a significant impact on the County's economy. See the FEIS at ©13-16.

3. When should the Bill take effect?

The Bill contains the following transition clause:

This Act must apply to any employee who is hired or promoted to head of a department or principal office or other non-merit position after the date when this Act becomes law.

As pointed out by Assistant CAO Bonnie Kirkland, the Bill would become law when the Executive signs it, but before any salary schedules are approved by the Council. See Ms. Kirkland's email at ©16. If the Bill is enacted in February or March, the first salary schedule would not be approved until May. Therefore, it is possible that someone is hired or promoted into a non-merit position after the Bill takes effect, but before a salary schedule exists. If the salary approved for that person does not fit into the salary schedule approved later, does that require a salary reduction? One reasonable solution, as suggested by Ms. Kirkland, would be to make the Bill apply to an employee hired or promoted into a non-merit position after the approval of the first salary schedule by the Council.

In addition, in order to ensure that the law takes effect soon enough to require the establishment of salary schedules in the approved FY17 budget, the Committee may want to amend this Bill to be an expedited Bill. Therefore, it is likely to take effect before the Council approves the FY17 budget, and possibly before the Executive submits a recommended FY17 budget on March 15. **Committee recommendation (2-0, Riemer absent):** amend the effective date to make the Bill expedited and to make it applicable to an employee hired or promoted into a non-merit position after the approval of the first salary schedule by the Council. See lines 45-49 of the Bill at ©3.

4. Should the Bill contain a provision authorizing the Council to exceed the salary schedule for a position in the Legislative Branch?

The Bill contains the following authority for an exception in the Executive Branch:

The salary schedule may contain a provision permitting the Executive to exceed the salary schedule established for a position for an individual employee, subject to Council approval, if the Executive finds that it is necessary to attract or retain a senior leader for a specific position.

There is no corresponding exception permitting the Council to exceed the salary schedule for an individual position. However, the Executive Branch salary schedules must be approved by the Council. The Legislative Branch salary schedules do not need to be approved by the Executive.¹ If the Council finds a Legislative Branch salary schedule unworkable, the Council can amend it. **Committee recommendation (2-0, Riemer absent):** no amendment is necessary.

5. Should the Bill be enacted?

An executive salary schedule is common in Federal, State, and local governments. This Bill would not break new ground; it would add Montgomery County to the majority rule in the area. While one may debate whether the County's current non-merit salaries are reasonable or excessive, the Bill would delegate that debate to the establishment of the salary schedules as part of the operating budget process. The Council would have general control over the minimum and maximum non-merit salaries just as it has control over merit salaries and the County budget. The Executive would retain control over the amount of an individual non-merit Executive Branch salary within the broad guidelines of the relevant salary schedule, and would have the authority to seek a waiver where appropriate. **Committee recommendation (2-0, Riemer absent):** approve the Bill with the amendments recommended above.

This packet contains:

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¹ Although the Executive may veto part of the budget, the Council retains the authority to override a veto.

Expedited Bill No. 51-15
Concerning: Non-merit employees -
Salary Schedule - Established
Revised: February 4, 2016 Draft No. 5
Introduced: December 8, 2015
Expires: June 8, 2017
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Leventhal
Co-Sponsors: Councilmembers Elrich and Rice

AN EXPEDITED ACT to:

- (1) establish a salary schedule for heads of departments, principal offices, and other non-merit employees;
- (2) require certain salaries to be set under the salary schedule established for these positions; and
- (3) generally amend the law governing compensation for non-merit employees.

By amending

Montgomery County Code
Chapter 1A, Structure of County Government
Section 1A-104

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

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

1 **Sec. 1. Section 1A-104 is amended as follows:**

2 **1A-104. Heads of departments and principal offices; other positions designated**
3 **as non-merit.**

4 (a) *Names.* The head of a department or principal office is called the Director
5 of the department or principal office, except that:

6 (1) the Director of Police is also called the Chief of Police;

7 (2) the Director of the Montgomery County Fire and Rescue Service
8 is also called the Fire Chief; and

9 (3) the Director of the Office of the County Attorney is called the
10 County Attorney.

11 (b) *Qualifications.*

12 (1) Each head of a department or principal office should be
13 professionally qualified.

14 (2) A person holding any other position in the Executive Branch
15 designated by law as a non-merit position must be professionally
16 qualified for the position under a position description established
17 by regulation under method (1).

18 (c) *Status.* Heads of departments and principal offices, and holders of any
19 other position in the Executive Branch designated by law as a non-merit
20 position, are County employees but are not merit system employees.

21 (d) *Special reinstatement rule.* A person who was a merit system employee
22 of the Police Department when appointed as an Assistant Chief of Police
23 may return to the merit system in the Department at the same rank that
24 the person last held in the merit system. The person must elect to return
25 to the merit system within 10 days after leaving the Assistant Chief
26 position, by notifying the Chief Administrative Officer in writing. If the
27 previous rank was abolished, the person must be assigned to the closest

28 equivalent rank, and must receive the salary and benefits that would apply
 29 if the person had remained in the merit system at the previous rank and
 30 the rank still existed.

31 (e) Salaries. The Executive must design a compensation system to attract
 32 and retain highly competent senior leaders as heads of departments and
 33 principal offices, and other non-merit employees in the Executive
 34 Branch. Each of these employees must be paid a salary within a salary
 35 schedule proposed by the Executive and approved by the Council in the
 36 Operating Budget of the Montgomery County Government. The salary
 37 schedule may contain a provision permitting the Executive to exceed the
 38 salary schedule established for a position for an individual employee,
 39 subject to Council approval, if the Executive finds that it is necessary to
 40 attract or retain a senior leader for a specific position. The Council must
 41 establish a salary schedule for non-merit positions in the Legislative
 42 Branch as part of the Operating Budget of the Montgomery County
 43 Government.

44 **Sec. 2. Effective Date.**

45 The Council declares that this legislation is necessary for the immediate
 46 protection of the public interest. This Act takes effect on the date on which it becomes
 47 law. This Act must apply to any employee who is hired or promoted to head of a
 48 department or principal office or other non-merit position after the date the Council
 49 approves the first salary schedule required in Section 1 [[when this Act becomes law]].

50
 51 *Approved:*

52

 Nancy Floreen, President, County Council

_____ Date

LEGISLATIVE REQUEST REPORT

Bill 51-15

Non-merit employees – Salary Schedule - Established

DESCRIPTION: The Bill would require the Executive to propose a salary schedule for heads of departments and principal offices, and other non-merit employees in the Executive Branch for approval by the Council as part of the annual operating budget for the County government. The Bill would also require the Council to establish a salary schedule for non-merit employees in the Legislative Branch as part of the operating budget.

PROBLEM: Salaries for non-merit employees are not controlled by a salary schedule established by the Executive and the Council.

GOALS AND OBJECTIVES: To establish a salary schedule for all non-merit County employees designed to attract and retain highly competent senior leaders as heads of departments and principal offices, and other non-merit employees.

COORDINATION: CAO, Office of Human Resources

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Robert H. Drummer, Senior Legislative Attorney

APPLICATION WITHIN MUNICIPALITIES: Not applicable.

PENALTIES: Not applicable



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

GEORGE LEVENTHAL
COUNCILMEMBER
AT-LARGE

MEMORANDUM

December 1, 2015

TO: Councilmembers
FROM: George Leventhal *GL*
SUBJECT: Bill on Compensation for Senior Non-Merit Employees

On December 8, I plan to introduce a bill on compensation for senior non-merit county employees. The bill would require the Executive to propose and the Council to approve a salary schedule for non-merit employees in the Executive Branch. It would also require the Council to establish a salary schedule for non-merit employees in the Legislative Branch.

It is important, as the bill text states, for the county to have a "compensation system to attract and retain highly competent senior leaders as heads of departments and principal offices, and other non-merit employees...." As the recent OLO report made clear, compensation for our senior non-merit employees is in fact highly competitive. My concern is that since 1997, when County Executive Duncan abolished the salary schedule for these employees, there has been a steady upward drift in compensation with no apparent framework. This has had an impact on the county's entire salary structure.

The bill is prospective; it would apply only to employees hired for non-merit positions after the bill becomes law. Also, the bill authorizes the Executive to exceed the salary schedule, subject to Council approval, "if the Executive finds that it is necessary to attract or retain a senior leader for a specific position."

The common-sense approach in this bill will enable us to attract and retain outstanding employees while meeting our obligations to the taxpayers. This approach is especially important in our current tight fiscal situation, including the possibility of a significant tax increase. I would welcome you as a co-sponsor of this bill.

Comparative Data on High-Level Manager Salaries

2. Federal Government

The US Office of Personnel Management (OPM) publishes average salary data for federal employees,² and Table 8 summarizes average salary data and salary schedules as of March 2015 for:

- **Executive Schedule** – positions that are appointed by the President, typically with the advice and consent of the Senate. Includes five levels ranging from Cabinet secretaries (Level I) to appointed directors, deputy directors, etc. (Level V) across multiple federal agencies.
- **Senior Executive Service (SES)** – high-level management and supervisory positions across multiple federal agencies just below Presidential appointees.
- **GS-13, GS-14, GS-15** – career position grades on the federal general salary schedule. The Montgomery County Office of Human Resources *Personnel Management Review* reports that these grades are comparable to the MLS series in the County.³

For the SES and GS series positions, OLO included the average salary nationwide as well as the weighted average for positions in DC, Maryland, and Virginia only. Additionally, the salary schedule shown for the GS positions includes the DC region locality pay differential. The maximum salaries for federal Executive Schedule and SES employees are lower than the average director salary in Montgomery County.

Table 8. Federal Government Manager Average Salary Data, 2015

Position	Actual Average Salary	Salary Schedule	
		Minimum	Maximum
Executive Schedule			
Level I (n=18)	\$198,450	--	\$203,700
Level II (n=43)	\$179,846	--	\$183,300
Level III (n=95)	\$166,509	--	\$168,700
Level IV (n=251)	\$158,434	--	\$158,700
Level V (n=18)	\$149,494*	--	\$148,700
All Executive Schedule (n=426)	\$163,720	--	--
Senior Executive Service			
United States (n=7,862)	\$170,572	--	--
DC, MD, and VA only (n=5,994)	\$171,351	\$121,956	\$183,300
General Salary Scale (GS) 15			
United States (n=61,405)	\$150,966	--	--
DC, MD, and VA only (n=40,963)	\$151,715	\$126,245	\$158,700
General Salary Scale (GS) 14			
United States (n=122,741)	\$124,363	--	--
DC, MD, and VA only (n=63,738)	\$126,530	\$107,325	\$139,523
General Salary Scale (GS) 13			
United States (n=250,038)	\$102,990	--	--
DC, MD, and VA only (n=79,256)	\$104,291	\$90,823	\$118,069

*The OPM database does not indicate why the actual average is higher than the maximum.

² The OPM data covers most Executive Branch agencies except for several intelligence offices and agencies (CIA, NSA, etc.), White House and Office of the Vice President staff, and the U.S. Postal Service.

http://www.fedscope.opm.gov/datadefn/aboutehri_sdm.asp

³ http://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2015/150423/20150423_GO2-CountyGovernment.pdf, p.36

STATE OF MARYLAND					
Executive Pay Plan - Salary Schedule					
Annual Rates Effective January 1, 2015					
Grade Profile	Scale		Minimum	Midpoint	Maximum
EPP 0001	ES4	9904	\$79,953	\$93,277	\$106,604
EPP 0002	ES5	9905	\$85,902	\$100,252	\$114,600
EPP 0003	ES6	9906	\$92,333	\$107,785	\$123,236
EPP 0004	ES7	9907	\$99,275	\$115,923	\$132,569
EPP 0005	ES8	9908	\$106,773	\$124,711	\$142,646
EPP 0006	ES9	9909	\$114,874	\$134,203	\$153,532
EPP 0007	ES10	9910	\$123,618	\$144,451	\$165,281
EPP 0008	ES11	9911	\$133,069	\$155,522	\$177,977
EPP 0009	EX91	9991	\$153,027	\$204,947	\$256,866

CALCULATING BI-WEEKLY SALARY:

Annual Salary x .038143 = Bi-Weekly Salary

Bi-Weekly Salary x 26.071428 - must equal at least the annual salary, adding a penny until it does.

MONTGOMERY COUNTY GOVERNMENT

APPOINTED CLASSES

<u>CLASS CODE</u>	<u>CLASS TITLE</u>	<u>GRADE</u>
7905	County Attorney	39
7910	County Health Officer	39
7911	Director, Addiction, Victim, and Mental Health Services	36
7915	Director, Department of Transportation	39
7917	Director, Department of Police	39
7920	Director, Office of Finance	39
7921	Director, Office of Management & Budget	39
7922	Director, Department of Environmental Protection	36
7927	Director, Department of Fire & Rescue Services	39
7930	Director, Department of Public Libraries	36
7935	Director, Department of Liquor Control	39
7940	Director, Department of Correction and Rehabilitation	36
7945	Director, Department of Facilities and Services	36
7946	Personnel Director	36
7947	Director, Department of Family Resources	39
7950	Director, Department of Recreation	36
7952	Director, Department of Housing and Community Development	36
7954	Director, Office of Economic Development	35
7958	Director, Office of Planning Policies	35
7959	Director, Office of State Affairs	35



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

GEORGE LEVENTHAL
COUNCILMEMBER
AT-LARGE

MEMORANDUM

February 1, 2016

TO: Councilmembers

FROM: George Leventhal *George Leventhal*

SUBJECT: Bill on Compensation for Senior Non-Merit Employees: Additional Information

On December 8, 2015 the Council introduced Bill 51-15, Non-merit employees – Salary Schedule – Established. Councilmembers Elrich and Rice joined me in sponsoring this bill, which would require the Executive to propose and the Council to approve a salary schedule for non-merit employees in the Executive Branch. It would also require the Council to establish a salary schedule for non-merit employees in the Legislative Branch.

My December 1, 2015 memo to you noted that the bill is prospective; it would apply only to employees hired for non-merit positions after the bill becomes law. Also, the bill authorizes the Executive to exceed the salary schedule, subject to Council approval, "if the Executive finds that it is necessary to attract or retain a senior leader for a specific position."

Many other governments have adopted salary schedules for senior non-merit employees – for example, the federal government's Executive Schedule, which ranges from Cabinet Secretaries to appointed directors and deputy directors of multiple federal agencies, and the State of Maryland's Executive Pay Plan. Howard and Prince George's counties in Maryland, as well as Arlington and Fairfax counties and the City of Alexandria in Virginia, have such salary schedules as well.

Until 1997, Montgomery County also had a salary schedule for senior non-merit employees. Restoring such a schedule now makes good sense. The approach in this bill will enable us to attract and retain outstanding employees while meeting our obligations to the taxpayers. I welcome your support.

Drummer, Bob

From: Kirkland, Bonnie
Sent: Wednesday, January 27, 2016 3:02 PM
To: Drummer, Bob
Cc: Firestine, Timothy; Kassiri, Fariba; Stokes, Shawn Y.
Subject: Bill 51-15 Salary Schedule

Hello Bob – This is to follow up on our earlier conversation about the bill, in particular Section 2 which provides that the Act will apply to hires or promotions “after the date when the Act becomes law.” This is a little confusing because the Act will become law on the day the CE signs it (presumably around February 15, if enacted by the Council on Feb 9). But the Bill will not actually take effect until 91 days after signature, setting up a period between Mid-February and Mid-May, during which the Act applies but has not yet taken effect (and during which there is no approved salary schedule).

Making the Bill an expedited bill is unnecessary and does not address the issue I described above. If made an expedited bill (meaning it would go into effect roughly Mid-February), there would still be no “approved” salary schedule until the Council takes action on the Budget later in May. So the same situation would exist.

Because you indicated the intent that this Act be prospective, and to clarify the above, I would suggest an amendment that substitutes the language in quotes above with “after the date when the Council approves the salary schedule required by this Act.”

It is my understanding that you agree with this clarification and will present it to the GO Committee at its work session.

Thank you for your time and assistance on this issue.

Bonnie

Relative to regional local government employers, Montgomery County executive management salaries typically rank within the top quarter or third for similar job positions. This position generally correlates with the larger size and complexity of the County's operations, and is also associated with the County's above-median economic and demographic rankings. In addition, as previously outlined, Montgomery County is one of two jurisdictions in the comparison group (along with the District of Columbia) that does not offer a defined benefit plan component in its retirement benefit program.

The table below summarizes Montgomery County's executive management pay rankings relative to the regional comparison group for Director and Question A position. Comparisons show combined cash compensation – actual base pay received by the executive managers in each position plus other allowances captured in the survey such as take-home vehicles, vehicle stipends, longevity, and uniform allowance, where applicable. The table also shows Montgomery County's ranking assuming an employee receives maximum base pay in jurisdictions with an executive management pay scale or salary range – illustrating the potential for wage growth. When assuming an employee is at the range maximum, Montgomery County's relative ranking falls for all positions surveyed. More detail can be found in the "Regional Comparisons" section of this report.

Regional Combined Cash Compensation Comparisons – Director and Question A Positions
Effective June 30, 2016

	Montgomery County Combined Cash Compensation	Montgomery County Rank		Change in Ranking (Maximum v. Actual)
		Combined Cash Compensation (Actual Base Pay)	Combined Cash Compensation (Maximum Base Pay)	
Director, Department of Police (Police Chief)	\$241,445	2 of 13	3 of 13	-1
Fire Chief	\$207,879	1 of 12	5 of 12	-4
County Attorney	\$210,143	4 of 16	5 of 16	-1
Director, Department of Corrections and Rehabilitation	\$207,879	1 of 9	2 of 9	-1
Director, Department of Finance	\$216,336	2 of 15	4 of 15	-2
Director, Department of Public Libraries	\$210,143	1 of 11	3 of 11	-2
Director, Office of Human Resources	\$210,120	1 of 15	2 of 15	-1
Director, Department of Technology Services (CIO)	\$215,120	2 of 16	5 of 16	-3
Director, Office of Management and Budget	\$216,336	1 of 13	2 of 13	-1
Director, Office of Procurement [1]	\$190,550	1 of 15	3 of 16	-2
Assistant Chief Administrative Officer	\$175,873	5 of 10	7 of 10	-2
Assistant Chief of Police [2]	\$174,166	4 of 11	7 of 12	-3
Director, Office of Community Partnerships [3]	\$176,837	1 of 6	2 of 7	-1
Chief, Aging and Disability Services [4]	\$170,754	1 of 7	2 of 9	-1
Chief, Behavioral Health and Crisis Services [5]	\$159,266	2 of 6	4 of 7	-2
Chief, Children, Youth, and Families	\$159,266	3 of 9	4 of 9	-1

[1] Alexandria provided base pay for maximum only; [2] Position for Baltimore County is vacant; only maximum base pay shown; [3] Position for Howard County is vacant; only maximum base pay shown; [4] Position in D.C. and Baltimore City is vacant; only maximum base pay shown [5] Baltimore County did not provide a response for actual base pay; only maximum base pay shown





OFFICE OF MANAGEMENT AND BUDGET

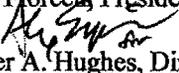
Isiah Leggett
County Executive

Jennifer A. Hughes
Director

MEMORANDUM

February 3, 2016

TO: Nancy Floreen, President, County Council

FROM:  Jennifer A. Hughes, Director, Office of Management and Budget

SUBJECT: FEIS Extension for Bill 51-15, Non-merit employees - Salary Schedule - Established

Please find attached the fiscal impact statement for the above-referenced legislation.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Joseph F. Beach, Director, Department of Finance
Shawn Stokes, Director, Office of Human Resources
Alex Espinosa, Office of Management and Budget
Corey Orlosky, Office of Management and Budget
Naem Mia, Office of Management and Budget

Office of the Director

101 Monroe Street, 14th Floor • Rockville, Maryland 20850 • 240-777-2800
www.montgomerycountymd.gov



Fiscal Impact Statement
Council Bill 51-15 – Non-merit employees – Salary Schedule - Established

1. Legislative Summary.

This bill would require the County Executive to design and implement a salary schedule for non-merit employees.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

This bill would have no changes to County revenues. County expenditures are estimated to increase \$4,350 to account for OHR hours spent on creating a schedule, and a minimum of \$35,727 for ERP staff time and system work needed to implement the schedule. It is anticipated that implementing a salary schedule would result in no additional expenditures, as well as no projected savings, from personnel costs.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

This bill is estimated to have a total first year impact of at least \$40,077, and no additional impact over the remainder of the next 6 fiscal years.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

See response #2.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

There are not likely to be later actions affecting projected expenditures.

7. An estimate of the staff time needed to implement the bill.

OHR and ERP are estimating a total of 496 hours of staff time needed to implement the bill.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

Additional responsibilities from this bill would be fit into the ERP project schedule, and would slightly push back other projects.

9. An estimate of costs when an additional appropriation is needed.

An estimated additional appropriation of \$4,350 to OHR and \$35,727 to DTS for ERP would be needed to implement the bill.

10. A description of any variable that could affect revenue and cost estimates.

Any unforeseen IT issues with implementation, or competing priorities, could result in the need for increased hours to implement this bill.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

If additional ERP resources are needed to implement, expenditures could increase by up to an additional \$20,000.

12. If a bill is likely to have no fiscal impact, why that is the case.

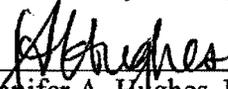
Not applicable.

13. Other fiscal impacts or comments.

This bill is unlikely to introduce any personnel cost savings through the implementation of a salary schedule for non-merit employees, and will take time away from implementation of other IT needs throughout the County.

14. The following contributed to and concurred with this analysis:

Kaye Beckley, OHR
Mohamed Salem, OHR
Corey Orlosky, OMB



Jennifer A. Hughes, Director
Office of Management and Budget

Date

Economic Impact Statement
Bill 51-15, Non-merit employees – Salary Schedule – Established

Background:

This legislation would establish a salary schedule for heads of departments, principal offices, and other non-merit employees and require certain salaries to be set under the salary schedule established for these positions. Bill 51-15 would require the County Executive (Executive) to propose a salary schedule for heads of departments and principal offices, and other non-merit employees in the Executive Branch. The County Council (Council) would then approve a salary schedule as part of the annual operating budget. Bill 51-15 would also require the Council to establish a salary schedule for non-merit employees in the Legislative Branch. The legislation would not mandate any specific salary schedule. The legislation will not impact current employees, but will impact those non-merit employees that take positions subject to the legislation after the effective date.

1. The sources of information, assumptions, and methodologies used.

The source of information is the OLO Memorandum Report 2016-1, Comparative Data on High-Level Manager Salaries, November 3, 2015. According to that report, there are forty-nine (49) directors and non-merit appointees employed in the Executive Branch with an average salary of \$189,162. Currently, these employees have not been covered by a salary schedule since 1996. In addition, there may be employees in the Legislative Branch that will become subject to the legislation.

2. A description of any variable that could affect the economic impact estimates.

The variables that could affect the future economic impact estimates are: 1) the number of directors and non-merit appointees currently employed (49) in the Executive Branch and those in the Legislative Branch, the difference between the current salaries and the salary schedule approved by the Council, and 3) the number of employees who reside in Montgomery County.

3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.

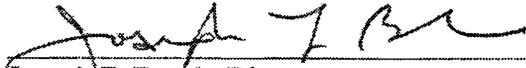
Without data on the approved salary schedule, it is uncertain with any specificity the future impact on the County's total personal income. However, given the small number of directors and non-merit employees as a share of the County's economy, the impact on the County's total personal income would be *de minimis*.

4. If a Bill is likely to have no economic impact, why is that the case?

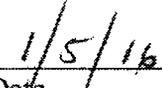
Please see paragraph #3.

Economic Impact Statement
Bill 51-15, Non-merit employees – Salary Schedule – Established

5. The following contributed to or concurred with this analysis: David Platt, Mary Casciotti, and Rob Hagedoorn, Department of Finance.



Joseph F. Beach, Director
Department of Finance



Date