

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
FROM: Justina J. Ferber, Legislative Analyst
SUBJECT: Worksession - Executive's Recommended FY16 Operating Budget
Merit System Protection Board (MSPB)

The following persons may be present for the worksession:

Raul (Roy) Chavera, Chair, MSPB
Charlotte Crutchfield, Board Member
Natasha Harris, Office Services Coordinator, MSPB
Crystal Sallee, Management and Budget Specialist, Office of Management and Budget

Relevant pages from the FY16 Recommended Operating Budget are attached on ©1.

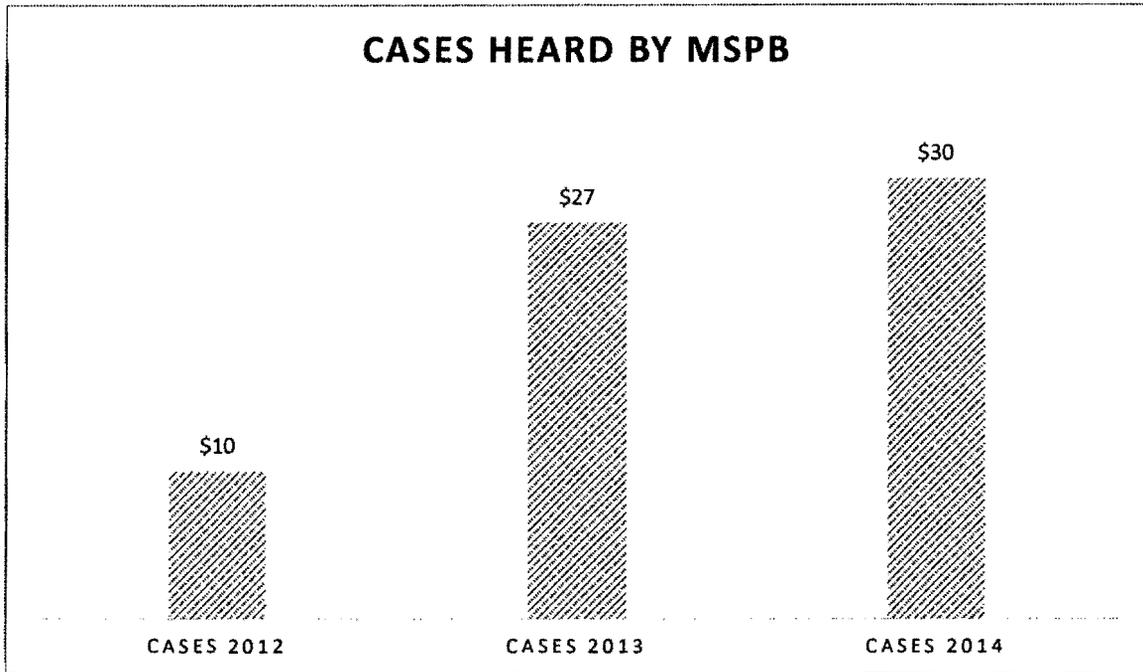
Budget Summary:

- The Merit System Protection Board Budget is recommended as a same services budget.
- The County Executive did not include any funding in the MSPB Budget for the Compensation and Classification Study as required by the County Code and requested by the Council in the FY15 budget review.
- The MSPB is requesting an increase in staff hours and additional staff training because the work of the Board has increased over the last several years and personnel cases have become more complex and more appeals have been filed.

Council Staff Recommendation:

- Approve the MSPB budget as recommended by the County Executive.
- Place \$60,000 on the reconciliation list to increase staff hours from 20 per week to 30 per week.
- Place \$5,000 on the reconciliation list for the MSPB Office Services Coordinator to obtain paralegal training.
- Place \$250,000 on the reconciliation list to begin the mandated Compensation and Classification Study.

Overview



The County Executive's recommended budget for the Merit System Protection Board (MSPB) for FY16 is \$161,605, an increase of \$3,308 or 2.1% over the FY15 approved budget of \$158,297. Personnel costs comprise 90.4% of the budget. Estimated expenditures for FY15 are lower than budget due to a vacancy in the Director's Office. The position has been advertised and should be filled shortly.

	<i>FY14 Actual</i>	<i>FY15 Approved</i>	<i>FY16 Recommended</i>	<i>% Change FY15 - FY16</i>
<i>Expenditures by fund</i>				
General Fund	156,232	158,297	161,605	2.1%
<i>Expenditures by type</i>				
Personnel Cost	141,820	142,789	146,097	2.3%
Operating Expenses	14,412	15,508	15,508	0
<i>Total Expenditures</i>	156,232	158,297	161,605	2.1%
<i>Positions</i>				
Full-Time	0	0	0	0
Part-Time	2	2	2	0
<i>FTEs</i>	1	1	1	1

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 Director and an Office Services Coordinator.

MSPB	
Adjustments with no service impacts	
Increase Cost: FY16 Compensation Adjustment	\$2,990
Increase Cost: Group Insurance Adjustment	\$582
Increase Cost: Board Member Stipend	\$200
Annualization of FY15 Board Member Stipend	\$116
Decrease Cost: Annualization of FY14 Personnel Costs	-\$218
Increase Cost: Retirement Adjustment	-\$362
Total Cost Change FY15 to FY16	\$3,308

Classification and Compensation Audit

The Code of Montgomery County Regulations provides at least once every five years, the Merit System Protection Board must have a consultant who is a specialist in the field and independent of County government conduct an objective Audit of the entire classification and compensation plan and procedures. The regulation allows the MSPB to postpone the audit with the approval of the County Council.

The Classification and Compensation Audit has been postponed eight times and was last postponed until FY14. The most recent Audit was conducted in 2001. The Council approved the request of the MSPB to postpone the Classification and Compensation Audit until the County's fiscal situation improved. No funding has been included in the Executive's MSPB FY15 budget for the Audit. A comprehensive audit has been estimated to cost more than \$1,000,000. During FY14 budget deliberations, the GO Committee directed funding of \$500,000 for an Audit to be included in the FY15 MSPB operating budget with additional funding of \$500,000 in FY16 to spread the financial impact over two years. In the MSPB's initial discussions with OMB about the FY15 budget, \$500,000 was requested for FY15 and \$500,000 for FY16 to conduct an Audit. The County Executive did not recommend any funding for the Audit for FY15.

When no funds were included in the FY15 budget, the GO Committee requested that funds be included in the FY16 budget. A follow-up memorandum requesting funding for FY16 from Committee Chair Navarro is attached at ©5.

The MSPB Chair has indicated that an audit is long overdue. At a minimum, he strongly feels that incremental funding of \$250,000 should be programmed to address position classification priorities and goals that require immediate attention such as obsolete position descriptions, new or emerging position descriptions to keep in line with industry standards, or studies that might be resolved by partnering with similar MCGEO goals and targets. The MSPB requests the Council add funding in the budget for FY16 to begin an Audit. If funding is not approved for FY16, then the Board would like permission to postpone the Audit to FY17 with the understanding that the Office of Management and Budget will include funding in the FY17 and FY18 budgets as recommended by the Council.

MSPB Staff Hours and Training

The MSPB is requesting that MSPB staff hours be increased from 20 to 30 per week for the Executive Director and the Office Services Coordinator (OSC). The Board also recommends the OSC obtain paralegal training and requests funding in the budget for such training. Council staff recognizes that training and education funds are available to County employees on a first come first served bases; however, time is of the essence to assist the Board in its mandated duties.

Council Staff Recommendations:

- **Place \$250,000 on the reconciliation list to begin the classification and compensation audit.**
- **Place \$60,000 on the reconciliation list to increase staff hours from 20 hours per week to 30 hours per week. As an alternative place two segments of \$30,000 on the reconciliation list, each increasing staff hours by 5 hours per week.**
- **Add \$5,000 to the reconciliation list for paralegal training for the OSC.**
- **Staff recommends approval of the Merit System Protection Board budget as submitted for \$161,605.**

Attachments: MSPB Budget ©1
Memo from MSPB Executive Director Scates ©3
Memo from GO Committee Chair Navarro ©5

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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 FY16 Operating Budget for the Merit System Protection Board is \$161,605, an increase of \$3,308 or 2.1 percent from the FY15 Approved Budget of \$158,297. Personnel Costs comprise 90.4 percent of the budget for no full-time positions and two part-time positions, and a total of one FTE. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 9.6 percent of the FY16 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 Natasha Harris of the Merit System Protection Board at 240.777.6620 or Crystal B. Sallee of the Office of Management and Budget at 240.777.2778 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 FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	112,806	108,776	88,212	111,272	2.3%
Employee Benefits	29,014	34,013	24,406	34,825	2.4%
County General Fund Personnel Costs	141,820	142,789	112,618	146,097	2.3%
Operating Expenses	14,412	15,508	42,136	15,508	—
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	156,232	158,297	154,754	161,605	2.1%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	2	2	2	2	—
FTEs	1.00	1.00	1.00	1.00	—

FY16 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY15 ORIGINAL APPROPRIATION	158,297	1.00
Other Adjustments (with no service impacts)		
Increase Cost: FY16 Compensation Adjustment	2,990	0.00
Increase Cost: Group Insurance Adjustment	582	0.00
Increase Cost: FY16 Stipend Increase for Board Members	200	0.00
Increase Cost: Annualization of FY15 Stipend Increase for Board Members	116	0.00
Decrease Cost: Retirement Adjustment	-218	0.00
Decrease Cost: Annualization of FY15 Personnel Costs	-362	0.00
FY16 RECOMMENDED:	161,605	1.00

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY16	FY17	FY18	FY19	FY20	FY21
(S000's)						
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY16 Recommended	162	162	162	162	162	162
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	1	1	1	1	1
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Subtotal Expenditures	162	162	162	162	162	162



MERIT SYSTEM PROTECTION BOARD

M E M O R A N D U M

November 13, 2014

TO: The Honorable Isiah Leggett
County Executive

THRU: Robyn C. Scates, Executive Director
Merit Systems Protection Board

FROM: Raul E. Chavera, Jr., Chairman
Merit System Protection Board

SUBJECT: Montgomery County Merit System Protection Board (MCMSPB) –
FY 16 Budget Submission

It is with a compelling purpose and need that the MCMSPB appeal to you to support an increase in funding to support the Board's statutory responsibilities. I am sure you are familiar with our Board, one of many qualitatively supporting Montgomery County's government employees as well as prospective employees. As you know, the mission of the MCMSPB is to oversee the merit system and protect County government employees and job applicant rights guaranteed under the merit system law.

MCMSPB is composed of three members who are appointed by the County Council, pursuant to Article 4, Section 403 of the Charter of Montgomery County, Maryland. Board members are County residents and are not employed by the County in any other capacity. Members of the Board conduct work sessions monthly and hearings as required, and are compensated with a set annual stipend as prescribed by law. The Board is supported with a part-time Executive Director and Executive Administrative Aide.

To that end, the Board's genuine commitment to the best qualitative service possible has seen a dramatic increase in workload (threefold increase over last year with increasing caseloads dating back to 2012), a significant increase in more legally complicated case reviews and adjudications, and other matters such as reviewing personnel regulations and job class creations that require ever-increasing time commitments from the Executive Director and the three Board members.

In particular, although the Executive Director position is budgeted for 20 hours per week, the current Executive Director actually must work 30 hours per week to support the Board's myriad responsibilities. At least one Board member devotes 8-10 hours a week

to the Board's business, and so works only part time at that member's regular employment.

Although the Board and Executive Director remain committed to their stewardship of the challenges stated, the Board requests your support for \$58,620 to provide:

- The possible recruitment of a part-time legal analyst/lawyer to conduct legal research (\$36,839),
- An increase of 10 hours weekly to allow the current part time executive director to steward the Board's case increase, to provide quality attention to complicated cases requiring intra County coordination for remedial action, and to support the office's annual program requirements (\$21,386),
- Consideration of a part time legal analyst, who might provide support to the Board's annual goals for: reviewing personnel regulations, adjudicatory functions, retirement analysis (when required), supporting a position classification audit in FY 16, assisting in the production of the FY 16 Annual Report, and helping to coordinate public forums, when required.

The MCMSPB has evolved from its original purpose of a "citizen advisory" Board to a quasi judicial/administrative Board responsible for much more complicated legal analysis, on occasion reviewed by the County's Circuit Court. Given our statutory responsibilities to oversee all aspects of the merit system and a dramatic increase in highly complicated cases, we would appreciate your consideration and support for our funding request to support the continuation of qualitative merit review of cases and ensure the full protection of employee rights as guaranteed by law.



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

July 22, 2014

TO: Isiah Leggett, County Executive

FROM: Nancy Navarro, Chair, Government Operations and Fiscal Policy Committee *M*

SUBJECT: Classification and Compensation Audit

The Government Operations and Fiscal Policy (GO) Committee met with the Merit System Protection Board (MSPB) on April 30 to discuss the MSPB Operating Budget and the Classification and Compensation Audit. The Code of Montgomery County Regulations (COMCOR), §33.07.01.09(h)(2)(A) provides that at least once every 5 years, the 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.

Funding was not included in the FY15 budget for the MSPB to conduct an audit even though the Council recommended in FY14 that the Executive fund the audit either by supplemental appropriation or as part of the MSPB FY15 Operating Budget. After discussing the audit with the Board, the GO Committee agreed to recommend the Council adopt a resolution to delay the FY15 Classification and Compensation Audit until FY16 and to recommend the Executive include funding in the FY16 and FY17 budgets.

Attached is Resolution No. 17-1160 adopted on July 15, 2014. The resolution defers the Classification and Compensation Audit until FY16 and recommends the County Executive include \$500,000 in the FY16 and FY17 MSPB operating budgets to fund a Classification and Compensation Audit.

We look forward to your FY16 budget and the inclusion of funding for the audit.

Attachment: Resolution No. 17-1160

Resolution No.: 17-1160

Introduced: July 8, 2014

Adopted: July 15, 2014

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Government Operations and Fiscal Policy Committee

SUBJECT: Postponement of FY14 Audit of the Montgomery County Classification and Compensation Plan 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 the 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 adopted Resolution No. 15-592, which approved deferral of the audit until FY08.
5. On June 19, 2007, at the request of the MSPB, the Council adopted Resolution 16-193, which approved deferral of the audit until FY10.
6. On June 16, 2009, at the request of the MSPB, the Council adopted Resolution 16-997, which approved deferral of the audit until FY11.
7. On June 22, 2010, at the request of the MSPB, the Council adopted Resolution 16-1400, which approved deferral of the audit until FY13.

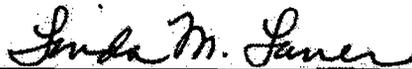
8. On July 31, 2012, at the request of the MSPB, the Council adopted Resolution 17-520, which approved deferral of the audit until FY14. The Committee and Board agreed that the audit should be deferred until funding was included in the MSPB operating budget or until the County Executive submitted a supplemental appropriation for the funding. No funding has been approved for the audit in FY14 or FY15.
9. The Government Operations and Fiscal Policy Committee recommends the Audit of Classification and Compensation Plans and Procedures be postponed until FY16 and the MSPB include a study of pay equity as part of the Audit. The Committee also recommends the County Executive include \$500,000 in funding in the FY16 and FY17 MSPB operating budgets to fund the Audit.

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 FY16, 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