

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
FROM: Justina J. Ferber,  Legislative Analyst
SUBJECT: **Worksession** - Executive's Recommended FY17 Operating Budget
Merit System Protection Board (MSPB)

The following persons may be present for the worksession:

Michael Kator, Chair, MSPB
Charlotte Crutchfield, Vice Chair MSPB
Angela Franco, Board Member MSPB
Bruce Martin, Executive Director, MSPB
Jennifer Nordin, Management and Budget Specialist, OMB

Relevant pages from the FY17 Recommended Operating Budget are attached on ©1.

Budget Summary:

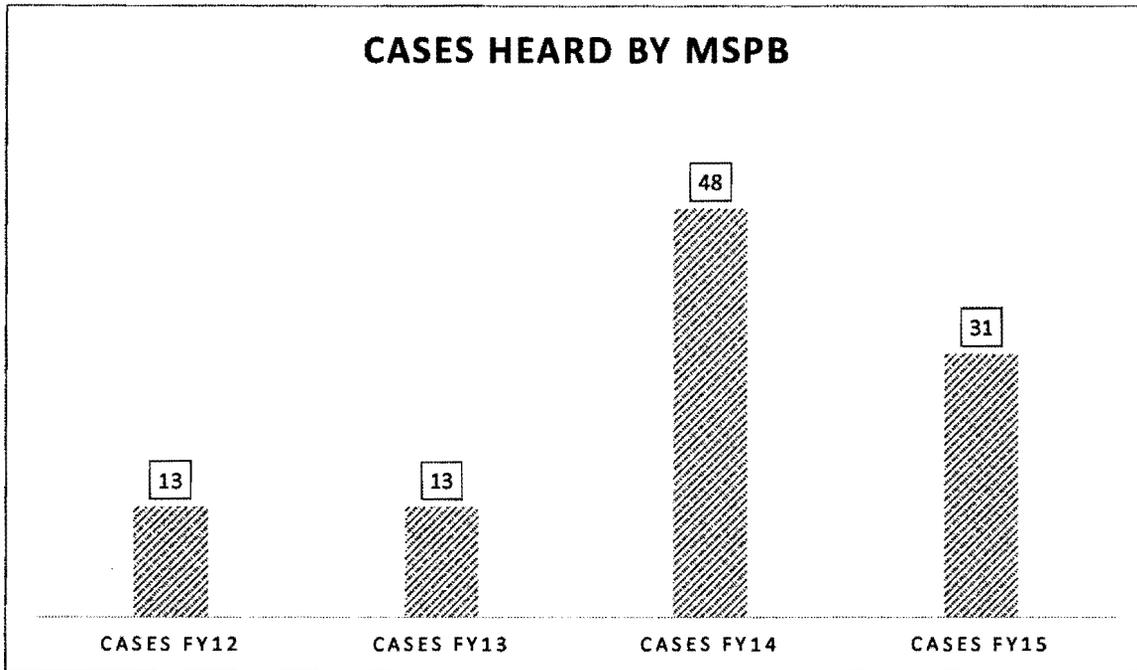
- The Merit System Protection Board Budget personnel and routine operating expenses are recommended as a same services budget.
- Included in the budget is \$250,000 in partial funding for the Compensation and Classification Audit as required by the County Code and requested by the Council in past budget reviews.

Council Staff Recommendation:

- Approve the MSPB budget as recommended for \$481,713.

The County Executive's recommended budget for the Merit System Protection Board (MSPB) for FY17 is \$481,713, an increase of \$285,108 or 145.02% over the FY16 approved budget of \$196,605. Personnel costs comprise 44.36% of the budget. The budget includes \$250,000 in partial funding for the Compensation and Classification Audit.

Overview



	<i>FY15 Actual</i>	<i>FY16 Approved</i>	<i>FY17 Recommended</i>	<i>% Change FY16 - FY17</i>
<i>Expenditures by fund</i>				
General Fund	214,107	196,605	481,713	145.0%
<i>Expenditures by type</i>				
Personnel Cost	124,753	176,097	213,705	21.4%
Operating Expenses	89,354	20,508	268,008	1206.8%
<i>Total Expenditures</i>	214,107	196,605	481,713	145.0%
<i>Positions</i>				
Full-Time	0	0	0	0
Part-Time	2	2	2	0
<i>FTEs</i>	1	1.5	1.5	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 Director and an Office Services Coordinator (OSC). In FY16, the Council increased MSPB staff hours from 20 to 30 per week for the Executive Director and the OSC. The significant increase in personnel cost is due to the increase in staff work hours and staff turnover.

MSPB	
Changes with service impacts	
Partial funding for Classification and Compensation Audit	\$250,000
Adjustments with no service impacts	
Increase Cost: Annualization of FY16 Personnel Costs - Staff	\$34,254
Increase Cost: FY17 Compensation Adjustment	\$1,904
Increase Cost: Group Insurance Adjustment	\$1,250
Increase Cost: Board Member Stipend	\$200
Shift: Telecommunications to the Telecommunications NDA	(\$2,500)
Total Cost Change FY16 to FY17	\$285,108

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 nine times. The most recent Audit was conducted in 2001. In 2014 the Council approved the request of the MSPB to postpone the Classification and Compensation Audit until the County's fiscal situation improved. Funding has now been included in the Executive's MSPB FY17 budget for the Audit. The comprehensive Audit has been estimated to cost more than \$1,000,000. The \$250,000 will give the Board the ability to submit an RFP for the Audit to be conducted in several stages. The Board is prepared to move quickly on the Audit as soon as the fiscal year begins and will work closely with the Office of Human Resources in order to avoid duplication of reclassification efforts. The partial funding will help 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. When funding was not included in the FY16 budget, the MSPB requested the Council's permission to postpone the Audit to FY17 with the understanding that the Office of Management and Budget would include funding in the FY17 and FY18 budgets as recommended by the Council. Please be aware that additional funding to continue the Audit will be requested in FY18 and possibly in FY19.

Council Staff Recommendations:

- **Approve the Merit System Protection Board operating budget as submitted for \$481,713.**

Attachments: MSPB Budget ©1



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 FY17 Operating Budget for the Merit System Protection Board is \$481,713, an increase of \$285,108 or 145.02 percent from the FY16 Approved Budget of \$196,605. Personnel Costs comprise 44.36 percent of the budget for no full-time position(s) and two part-time position(s), and a total of 1.50 FTEs. 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 55.64 percent of the FY17 budget.

The increase of \$285,108 primarily consists of partial funding for a Compensation and Classification Audit as authorized by the Charter of Montgomery County, Section 404.

Linkage to County Result Areas

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

- A Responsive, Accountable County Government

Program Contacts

Contact Bruce Martin of the Merit System Protection Board at 240-777-6622 or Jennifer Nordin of the Office of Management and Budget at 240.777.2779 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.

Budget Summary

	Actual FY15	Budget FY16	Estimate FY16	REC FY17	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	100,824	141,272	150,538	169,192	19.8 %
Employee Benefits	23,929	34,825	33,000	44,513	27.8 %
County General Fund Personnel Costs	124,753	176,097	183,538	213,705	21.4 %
Operating Expenses	89,354	20,508	16,578	268,008	1206.8 %
County General Fund Expenditures	214,107	196,605	200,116	481,713	145.0 %

	Actual FY15	Budget FY16	Estimate FY16	REC FY17	%Chg Bud/Rec
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	2	2	2	2	—
FTEs	1.00	1.50	1.50	1.50	—

FY17 Recommended Changes

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY16 ORIGINAL APPROPRIATION	196,605	1.50
Changes (with service impacts)		
Add: Partial funding for a Classification and Compensation Audit [Merit System Oversight]	250,000	0.00
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY16 Personnel Costs [Merit System Oversight]	34,254	0.00
Increase Cost: FY17 Compensation Adjustment	1,904	0.00
Increase Cost: Group Insurance Adjustment	1,250	0.00
Increase Cost: FY17 Stipend Increase for Board Members	200	0.00
Shift: Telecommunications to the Telecommunications Non-Departmental Account	(2,500)	0.00
FY17 RECOMMENDED	481,713	1.50

Future Fiscal Impacts

Title	CE RECOMMENDED (\$000s)					
	FY17	FY18	FY19	FY20	FY21	FY22
COUNTY GENERAL FUND						
EXPENDITURES						
FY17 Recommended	482	482	482	482	482	482
No inflation or compensation change is included in outyear projections.						
Compensation and Classification Audit	0	0	0	0	(250)	(250)
These figures represent the estimated cost of special studies and audits of the administration of the merit and retirement pay systems as authorized by the Charter of Montgomery County, Section 404.						
Labor Contracts	0	1	1	1	1	1
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	482	483	483	483	233	233