

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
FROM: Justina J. Ferber,  Legislative Analyst
SUBJECT: Proposed FY17 Salary Schedule for Non-Merit County Government Employees

The following persons will be present for the briefing:

Shawn Stokes, Director, Office of Human Resources (OHR)

Background

Bill 51-15 at ©12 requires 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 new salary schedule will apply to any employee hired or promoted to a head of a department or principal office or other non-merit position after the date the Council approves it. 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. Bill 51-15 also requires the Council to approve a salary schedule for future non-merit employees in the Legislative Branch.

Proposed Executive Branch Salary Schedule

On April 21, 2016, the Executive transmitted a new Executive Level Service (ELS) Salary Schedule for heads of departments and principal offices and other non-merit employees in the Executive Branch. (See ©1) In developing the proposed ELS Salary Schedule, the Office of Human Resources (OHR) created three primary grades (X1, X2 and X3) and one grade to capture the salary of the Chief Administrative Officer (CAO). (See © 3) OHR has developed Executive Core Qualifications that outline the requisite qualifications for employees in each grade level.

OHR developed pay ranges based on actual employee pay. These pay levels represent “anchors” on which the new schedule was constructed. OHR then applied a salary range spread of 80% around these anchors. See ©3 for salary and ranges. The list of positions in each grade is at ©5.

Grade X3 – Question A and other appointed positions
Grade X2 – Directors of non-principal departments (some are also Questions A positions)
Grade X1 – Directors of principal departments
CAO

To test the “anchors,” Council staff compared the proposed X2 range to current salaries. For X2 the proposed salary schedule has a minimum of \$120,935, midpoint of \$169,309, and maximum of \$217,683. According to DataMontgomery, updated February 11, 2016, Regional Service Center Director salaries range from \$145,000 to \$173,790, Assistant CAO salaries are \$170,687¹, and the Director of Community Partnerships salary is \$176,837. **The proposed X2 maximum of \$217,683 is 31% higher than the average of these salaries (\$166,102) and 23% higher than the highest of these salaries (\$176,837).**

Comments of Councilmember Leventhal

In a June 28, 2016 memo to Councilmembers, Councilmember Leventhal, the lead sponsor of Bill 51-15, raised several questions about the proposed ELS Salary Schedule. (See ©6)

1. He questioned the statement by the Economic Research Institute that Montgomery County executive pay generally lags the regional median by 15 to 40%. He said that County non-merit salaries are more than competitive with other public sector jurisdictions and should not be compared with top-level salaries in the private sector.
2. He asked whether the proposed “anchor” pay levels are unnecessarily high, whether the “range spread” for each grade should be as large as 80%, and whether the “differential” for each of the first three grades should be 10%, and 20% more for the CAO.
3. He asked whether all Directors of principal departments should be in the same grade (X1), or whether there should be one or more additional grades to recognize differences in management responsibility, span of control, and decision-making authority. He also questioned whether special assistants to the Executive belong in this grade, and whether the positions in the middle grade (X2) should be shifted to a lower grade.

With regard to a salary schedule for non-merit employees in the Legislative Branch, he suggested as one option that: (a) the range for Confidential Aides (Chiefs of Staff) could be at the Manager 2 level in the Management Leadership Service, the same as Senior Legislative Analysts; b) the range for the OLO Director and Hearing Examiners could be at the Manager 1 level; and c) the range for the Council Administrator could be at the highest level of Executive Branch Director.

¹ One ACAO position that was included in the Executive compensation study had a salary of \$186,244. The incumbent has left County Government. This position was not included in the Council staff analysis.

Councilmember Leventhal added that this GO Committee worksession would provide an opportunity to examine these issues and options. He said that one result could be a request to the Executive to transmit a revised salary schedule for non-merit Executive Branch employees, adding that the Council should take the time now to assure that the first salary schedules approved pursuant to Bill 51-15 are well designed and carefully considered.

OHR Director Shawn Stokes responded to Councilmember Leventhal's memo on July 8. See her memo at ©8.

OLO Report

In November 2015 the Office of Legislative Oversight (OLO) issued Memorandum Report 2016-1, *Comparative Data on High-Level Manager Salaries*. 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 *five* grade levels of this Executive Schedule ranging from Cabinet Secretaries to appointed Directors and Deputy Directors across multiple federal agencies. The State of Maryland Executive Pay Plan has *nine* grade levels for non-merit executives in State government. The majority of jurisdictions in the OLO report had *five* or more grade levels for Executive staff (Howard County *five* levels; Fairfax *seven* levels.)

The OLO report also found that among 20 local government and the two federal classifications, Montgomery County had the 3rd highest average salary for Director positions at \$206,685. In addition, Montgomery County's average Director salary was highest among the DC-Baltimore region.

Previous Non-Merit Salary Schedule

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 grade that coincided with the salary schedule. There were at least three different grade levels for Department Directors. (See ©11). Then-County Executive Duncan abolished the schedule in 1997. Bill 51-15 requires that schedules for both branches be re-established.

Questions for Consideration

Councilmember Leventhal's memo raised good points. Below are questions that the Committee may wish to discuss with OHR.

Too Few Grades/Rationale for Assigned Grades

Are the grade levels too broad and overly inclusive? Should all Department Directors be in the same category? For example, should the Director of Consumer Protection be at the same level as the Chief of Police?

Should the ELS Salary Schedule be limited to three grades and an additional grade level for the CAO, or should there be additional grades for different Department Directors?

Should the positions assigned to each grade level be reevaluated? For example, why are Special Assistants to the County Executive at the same grade level as Department Directors? Are the positions in grade X2 properly classified?

Salary Levels and Differentials

Should further study be given to the initial “anchor” salaries and to the range spread and differentials? See the discussion at the top of page 2. (The range spread for MLS is 77.6% to 82.7%. See the MLS Salary Schedule at ©10. Recall that MLS levels combined 3 to 5 grades for each level when they were created.)

Should the differential be 10% between grade levels and 20% for the CAO?

Is the broad range in salary an invitation for salary inflation?

Council Staff Comments

The Committee can take the time required to examine these questions thoroughly. There is no need to make a rushed decision on the first non-merit ELS Salary Schedule. It makes sense for Executive staff to consider the comments of Councilmembers on these questions and to discuss possible revisions with the Executive. The Committee can review the schedule again in September.

With regard to the Legislative Branch schedule, the Committee can discuss the suggestions of Councilmember Leventhal. It may make sense to defer a final recommendation on this schedule until the Committee comes to closure on the Executive schedule.

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|--|-----------------|
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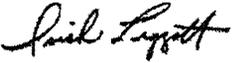
OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

April 21, 2016

TO: Nancy Floreen, President
County Council

FROM: Isiah Leggett 
County Executive

SUBJECT: Salary Schedule for Heads of Departments, Principal Offices,
and Other Non-Merit Employees

Pursuant to Bill 51-15, Non-merit employees – Salary Schedule - Established, I am transmitting the new Executive Level Service (ELS) Salary Schedule for heads of departments and principal offices and other non-merit employees in the Executive Branch. That bill requires that the Executive design a compensation system to attract and retain highly competent senior leaders as heads of departments and principal offices and other non-merit employees in the Executive Branch. It further requires that the salary schedule be approved by the County Council in the Operating Budget. The new Salary Schedule will apply to anyone hired or promoted to head a department or principal office or other non-merit position after the date the Council approves it.

An Executive Compensation Study completed in January 2016 by Public Financial Management, Inc. (PFM), found that the competitiveness of the County's executive pay is the result of multiple factors, including the size and complexity of County operations and strong employee retention rates. When compared to other regional large public, private, and non-profit employers with more than \$1 billion in revenue surveyed by the Economic Research Institute, Montgomery County executive pay generally lags the regional median by 15% to 40%. While such a differential relative to the private sector is not uncommon, it underscores a challenge the County faces in the competition for top-tier talent.

In developing the proposed ELS salary schedule, the Office of Human Resources (OHR) created three primary grades (X1 – X3) and one grade to capture the salary of the Chief Administrative Officer (CAO). OHR has developed Executive Core Qualifications, which outline the requisite qualifications for employees in each grade. The number of grades used provides sufficient operational flexibility, allowing management to promote high-performing employees, while providing sufficient pay differentials between executive levels.

Nancy Floreen, President, County Council
April 21, 2016
Page 2

Based on the PFM conclusions, OHR developed pay ranges based on actual employee pay. These pay levels represent "anchors" on which the new schedule was constructed. As is standard best practice within the field of human resources, OHR then applied a salary *range spread* around these anchors. A range spread illustrates the opportunity for advancement within a pay scale range. Range spreads are the calculated difference between the range maximum and minimum, divided by the minimum salary. For the proposed ELS salary Schedule, OHR chose a range spread of 80%, which is consistent with range spreads among other regional jurisdictions and salary structure best practices.

After determining the range spread, OHR established differentials between each grade. Grade X3 covers some Question A and other appointed positions; Grade X2 covers Directors of non-primary departments (some of which are also Question A positions); and Grade X1 covers Directors in primary departments. There is a differential of 10% between each grade consistent with current pay levels to distinguish the required levels of responsibility, complexity of work, and experience. Additionally, there is a differential of 20% between the highest grade and the CAO pay range, which reflects the CAO's level of responsibility and required experience.

My staff is available to work with the Council, to gain approval of this Salary Schedule as you finalize work on the Operating Budget.

IL/ss



Executive Level Salary Schedules Proposed Draft

Grade Definitions

XIII

An appointed member of middle or senior management, who directs a critical business function for the County.

XII

An appointed member of senior or top management, who is responsible for the overall operations of a non-primary department and/or leads one or more strategic functions.

XI

An appointed member of executive leadership, who is responsible for the overall operations of a primary department and/or leads one more strategic functions.

Chief Administrative Officer

An appointed member of executive leadership, who is responsible for the leading the day-to-day operations of the entire government.

Proposed Executive Pay Schedules

| | Minimum | Midpoint | Maximum |
|-------------|-----------|-----------|-----------|
| XIII | \$109,941 | \$153,917 | \$197,893 |
| XII | \$120,935 | \$169,309 | \$217,683 |
| XI | \$133,028 | \$186,240 | \$239,451 |
| CAO | \$159,634 | \$223,487 | \$287,341 |

As provided for in the Montgomery County Code, Section 1A-104, the County Executive may exceed the salary schedule 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.

| | XIII | XII | XI | CAO |
|---------------------|---|--|---|---|
| Position | Senior Middle Management | Senior/Top Management | Director, Executive Leadership | Chief Administrative Officer |
| Management Role | Directs a critical business function. Responsible, through subordinate management, for an overall department, division, one or more functions in a unit/group or for a County function. | A member of the senior management team and leads one or more strategic functions, or a non-primary department for the County. Responsible, through subordinate management, for the overall operations of a department/division or unit for the County. | A member of the senior management team and leads one or more strategic functions, or a primary department for the County. | Leads the day-to-day operations for the entire County government. |
| Policy and Strategy | Participates with senior and top management in developing and authorizing the implementation of strategic business plans. | Establishes strategies and philosophies of a department, division or unit in collaboration with the executive leadership and Chief Administrative Officer. | Develops corporate strategic plans driving toward the achievement of the County's service, business and financial goals. | Articulates corporate strategy and performance goals in the context of the mission and values of the organization. |
| Freedom to Act | Objectives largely tied to County-wide performance and guided by broad County policies and strategic plans. | Objectives directly tied to overall performance of the County. Makes final decisions, guided by the broadest policies and strategies. | Takes action guided by the general direction set by the County Executive Officer and the Chief Administrative Officer. | Directly accountable to the County Executive, County Council, stakeholders. |
| Impact | Decisions have major and measurable long-term impact on the success, failure, profitability and growth of a department, division, unit/group, and/or the County. | Decisions drive the long-term success, failure, profitability and growth of the County's department, division or unit functions. | Decisions drive the success, failure, service delivery, profitability and growth of the County. | Decisions drive the success, failure, profitability and growth of the County in achieving its overall long-term objectives. |
| Liaison | Serves as a principal spokesperson for the department/division/unit or group on highly significant matters. | Interacts with executive leadership to execute decisions, manage risk and influence activities that affect the long-term service and operational continuity of the County. | Represents the County internally and externally | Serves as the spokesperson for the County Executive on behalf of the County government. |

Executive Salary Scales and Positions

CAO - EXECUTIVE SALARY SCALE

Position Title
Chief Administrative Officer

XII - EXECUTIVE SALARY SCALE

Position Title
Assistant Chief Administrative Officer
Director Office of Community Partnerships
Director Regional Services Center

XI - EXECUTIVE SALARY SCALE

Position Title
Director Office of Consumer Protection
Director Department of Correction and Rehabilitation
County Attorney
Special Assistant to County Executive
Director Department of Environmental Protection
Director Department of Finance
Fire Chief, Fire/Rescue Service
Director Department of General Services
Director Department of Health and Human Services
Director Department of Housing and Community Affairs
Director Office of Human Resources
Director Office of Intergovernmental Relations
Director Department of Liquor Control
Director Office of Management and Budget
Director Department of Permitting Services
Director Department of Police
Director Office of Procurement
Director Office of Public Information
Director Department of Public Libraries
Director Department of Recreation
Director Department of Technology Services
Director Department of Transportation

XIII - EXECUTIVE SALARY SCALE

Position Title
Special Projects Manager, Office of the CAO
Development Ombudsman, Office of the CAO
Director Criminal Justice Coordinating Commission, Office of the CAO
Marketing Manager, DED
Division Chief MCFRS Volunteer Services
Chief Aging and Disability Services, HHS
Chief Children Youth and Family Services, HHS
Chief Special Needs Housing, HHS
Chief Behavioral Health and Crisis Services, HHS
Chief Operating Officer, HHS
Assistant Chief of Police
Deputy Director, DOT



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

GEORGE LEVENTHAL
COUNCILMEMBER
AT-LARGE

June 28, 2016

Memorandum

To: Councilmembers

From: George Leventhal

Re: Non-merit salary schedules

On March 1, 2016 the Council unanimously enacted Bill 51-15, Non-merit employees – Salary Schedule – Established. As you know, the bill requires the Executive to propose and the Council to approve a salary schedule for non-merit employees in the Executive Branch. It also requires the Council to establish a salary schedule for non-merit employees in the Legislative Branch. Such schedules have long been in effect for the federal and state governments and for local jurisdictions in the region.

The bill is prospective; it applies only to employees hired for non-merit positions after the Council has approved the first salary schedules. 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."

On April 21 the Executive sent the attached memo recommending the first salary schedule for non-merit employees in the Executive Branch. The Government Operations and Fiscal Policy Committee is scheduled to discuss the recommended schedule on July 14. As the lead sponsor of the bill, I would like to offer comments and suggest a course of action.

It is important, as the bill 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 November 2015 OLO report on non-merit salaries made clear, compensation for our senior non-merit employees is in fact highly competitive. My concern in developing this bill was 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. The common sense approach in this bill will enable us to attract and retain outstanding employees while meeting our obligations to the taxpayers.

On June 13 I met with Office of Human Resources Director Shawn Stokes to discuss the Executive's April 21 memo. I raised several points.

First, I questioned the statement on page 1 of the memo that "When compared to other regional large public, private, and non-profit employers with more than \$1 billion in revenue surveyed by the Economic Research Institute, Montgomery County executive pay generally lags the regional median by 15% to 40%. While such a differential relative to the private sector is not uncommon, it underscores a challenge the county faces in the competition for top-tier talent." I disagree with this premise. Our excellent non-merit employees come overwhelmingly from federal, state, or local government, not from the private sector. The salaries for their positions are more than competitive, and in most cases the salaries represent a very large pay increase. Their work for the county will position them well for future employment. Most important, we are talking here about public service. It is not fair to our taxpayers to expect executive-level salaries for public service occupations like libraries, corrections, or recreation to keep pace with salaries of executives in private sector occupations.

Second, there should be further discussion about how the recommended salary schedule is constructed. Are the "anchor" pay levels for the recommended grades unnecessarily high? Should the "range spread" for each grade be as large as 80%? Should the "differential" for each of the first three grades be 10%, and should the differential for the CAO be 20%? There may well be better options.

Third, there should also be further discussion about which positions belong in which grade. Should all directors of principal offices, as defined in the Code, be in the same grade (X1), or should there be one or more additional grades to recognize differences in management responsibility, span of control, and decision-making authority? Positions like Police Chief, Fire Chief, and the directors of departments like HHS, DOT, and DTS do not belong in the same category as the directors of small offices like Consumer Protection or Public Information. Also, should the special assistants to the Executive be in this same category? These positions play an important role, but they do not require the same professional grounding and do not have the same management responsibilities as major department directors. The same is true of positions in the next highest grade (X2), including assistant CAOs, regional service center directors, and the director of the Office of Community Partnerships. All these positions may belong in a lower grade (X3).

We also need to address the salary schedule for non-merit employees in the Legislative Branch. To start the discussion, I suggest that we consider the attached schedule for the Management Leadership Service. The range for our Confidential Aides (Chiefs of Staff) could be Manager Level 2, the same as for our Senior Legislative Analysts. The range for the OLO director and the two hearing examiners could be Manager Level 1, which includes a small number of the county's top merit system employees. The range for the Council Administrator could be the same as for the highest level Executive Branch department directors. Other options should also be considered.

The GO Committee meeting on July 14 will provide an opportunity to examine these issues. One result may be a request to the Executive to transmit a revised salary schedule for non-merit Executive Branch employees. I think we should take the time now to assure that the first salary schedules we approve pursuant to Bill 51-15 are well designed and carefully considered. I look forward to working with you to this end.

cc: Ike Leggett, County Executive
Tim Firestine, CAO
Shawn Stokes, OHR Director



OFFICE OF HUMAN RESOURCES

Isiah Leggett
County Executive

Shawn Y. Stokes
Director

MEMORANDUM

July 8, 2016

TO: Nancy Navarro, Councilmember, Government Operations and
Fiscal Policy Committee

FROM: Shawn Y. Stokes, Director 
Office of Human Resources

SUBJECT: Bill 51-15, Non-Merit Employees – Salary Schedule – Established

In a June 28 memorandum to the County Council, Councilmember George Leventhal raised some issues with the Salary Schedule the County Executive transmitted to Council on April 21, 2016. The purpose of this memorandum is to respond to the issues he raised in that memorandum.

Councilmember Leventhal questioned this statement in the County Executive's April 21 memorandum, "When compared to other regional large public, private, and non-profit employers with more than \$1 billion in revenue surveyed by the Economic Research Institute, Montgomery County executive pay generally lags the regional median by 15% to 40%. While such a differential relative to the private sector is not uncommon, it underscores a challenge the County faces in the competition for top-tier talent."

The inclusion of general labor compensation data within OHR's analysis of regional executive compensation was intended to provide a point of reference for evaluating Montgomery County executive compensation, and was not the focus of its analysis. Understanding the difference in pay levels between public and general labor market employers represent a useful reference point. However, it should be noted that Montgomery County does compete with private and non-profit organizations for talent in many fields, including information technology, human resources, law, procurement, fleet management, finance, and public affairs.

Instead, the executive compensation analysis overseen by the Office of Human Resources (OHR) predominantly focused on public sector comparisons. A group



July 8, 2016

of 15 large regional local government employers¹, 7 large national government employers, and the federal government were surveyed. The vast majority of the analysis evaluated compensation and benefit structures of local government employers. The conclusions made by OHR were drawn from the comparative analysis of public sector employers; not general labor market comparisons.

Councilmember Leventhal suggested further discussion about how the recommended salary schedule was constructed, including the "range spread." The range spread differentials used in the proposed salary schedule are based on human resources best practices for executive compensation. In addition, the proposed salary schedule for executive employees contains salary range spreads, and differentials between grades, that are consistent with those on the County's Management Leadership System (MLS).

Councilmember Leventhal also suggested further discussion about which positions belong in which grade. In determining the appropriate grade for each position on the proposed salary schedule, OHR selected an objective measure that preserves managerial flexibility for prospective hires. For this reason, OHR classified positions depending on whether they were classified as "primary" or "non-primary" departments. OHR chose not to make an independent normative distinction between which County functions have greater importance or value to the County residents; these are all offices that provide critical County services. OHR focused on ensuring sufficient flexibility in the proposed pay scale. For example, if two positions are classified in the same pay range, they may not earn the same compensation. Departmental directors who oversee more operationally complex agencies can be expected to be compensated in the higher end of a pay range.

I value the feedback and concerns that were raised by Councilmember Leventhal and hope they have been sufficiently addressed in this memo. I look forward to further discussing, and clarifying, these issues with the Government Operations and Fiscal Policy Committee on July 14.

¹ City of Alexandria, Anne Arundel County, Arlington County, Baltimore City, Baltimore County, District of Columbia, Fairfax County, Howard County, Loudoun County, M-NCPPC, Montgomery College, MCPS, Prince George's County, Prince William County, and WSSC.

**MONTGOMERY COUNTY GOVERNMENT
MANAGEMENT LEADERSHIP SERVICE
SALARY SCHEDULE
PROPOSED FISCAL YEAR 2017
EFFECTIVE JULY 10, 2016**

| <u>PAY BAND</u> | <u>MLS LEVEL</u> | <u>MINIMUM</u> | <u>CONTROL POINT</u> | <u>MAXIMUM</u> |
|-----------------|----------------------|----------------|----------------------|----------------|
| M1 | MANAGEMENT LEVEL I | \$98,602 | \$167,475 | \$175,127 |
| M2 | MANAGEMENT LEVEL II | \$86,224 | \$149,495 | \$156,525 |
| M3 | MANAGEMENT LEVEL III | \$74,075 | \$129,260 | \$135,392 |

FY17 Notes:

- FY17 GWA is 0.5% on July 10, 2016, and 0.5% on January 8, 2017, for Management Leadership Service employees.

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 |

Expedited Bill No. 51-15
Concerning: Non-merit employees -
Salary Schedule - Established
Revised: February 4, 2016 Draft No. 5
Introduced: December 8, 2015
Enacted: March 1, 2016
Executive: March 13, 2016
Effective: March 13, 2016
Sunset Date: None
Ch. 4, Laws of Mont. Co. 2016

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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

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

52 *Approved:*

53 *Nancy Floreen*
Nancy Floreen, President, County Council

March 2, 2016
Date

54 *Approved:*

55 *Isiah Leggett*
Isiah Leggett, County Executive

March 13, 2016
Date

56 *This is a correct copy of Council action.*

57 *Linda M. Lauer*
Linda M. Lauer, Clerk of the Council

March 14, 2016
Date