



MONTGOMERY COUNTY, MARYLAND

100 MARYLAND AVENUE, ROCKVILLE, MARYLAND 20850 • 301 279-1231x
279-1932

BACKGROUND PAPER

April 29, 1980

COUNCIL APPROVES RELEASE OF OFFICE OF LEGISLATIVE OVERSIGHT REPORT.

The Montgomery County Council received and approved for public release Office of Legislative Oversight Report 80-1, An Evaluation of Overtime, Compensatory Time, Salary Differentials and Extraordinary Performance Policies and Procedures for County Government Employees.

The OLO report evaluates program policies and procedures currently providing compensation over and above the County employee's base salary for the official work year of 2080 hours. The evaluated programs fall into three general categories:

--Additional work beyond normal work periods; i.e. overtime pay, call-back pay and compensatory leave in lieu of overtime pay;

--Salary differentials for educational achievement, non-standard work periods, specialized and hazardous police positions and special fire and rescue positions; and

--Extraordinary performance awards.

OVERTIME AND CALL-BACK PAY AND COMPENSATORY TIME

The Report noted that for calendar year 1979, County employees earned \$3,229,241 in overtime and call-back pay, which is 3.2% of the total CY 1979 expenditures of \$100.6 million in salaries and wages. Compensatory leave, or "time-off" in lieu of overtime pay, earned by County employees in CY 1979 totaled 132,000 hours, of which 118,000 hours were used, which approximates to \$1,020,300 and \$912,000, respectively. The report recommends that overtime and compensatory time programs can be improved by more specific designation as to what employees, supervisory or non-supervisory, are eligible; and by granting each only for work in excess of the normal 40 hour work week.

SALARY DIFFERENTIALS

Employee salary differentials fall into four categories:

--Shift work

--Very specialized and extra hazardous police positions

--Special fire and rescue positions

--Educational achievement

SHIFT DIFFERENTIAL

Approximately 150 County government employees receive an additional 5% pay differential for evening work. These employees perform duties as security guards, building services, street sweepers and warehouse workers.

SPECIALIZED AND EXTRA HAZARDOUS POLICE POSITIONS

Police officers assigned to canine, motorcycle and detective positions had in the past received an additional 5% salary differential. Detectives received the extra pay for working in excess of their normal work week without receiving overtime. Canine officers were compensated for the extra time to care for the dog. Motorcycle duty was considered more hazardous. The payment of a salary differential for these three duties are no longer authorized except for those "grandfathered" into the program.

SPECIAL FIRE AND RESCUE POSITIONS

A 5% or 10% salary differential is currently authorized fire and rescue personnel performing duties as station commanders, fire technicians or paramedics.

EDUCATIONAL ACHIEVEMENT

By far the most expensive program, approximately 815 public safety employees in the Sheriff's Office, the Departments of Police, Corrections/Rehabilitation and Fire/Rescue and the several Fire and Rescue Departments receiving tax revenues, earned approximately \$1.9 million in salary differentials in FY 1979. The extra salary, from 2-1/2% to 20% of the employees base, was paid for educational achievements ranging from 15 college credit hours through a Master/Law degree.

REPORT CONCLUSIONS/RECOMMENDATIONS

The OLO report concludes that the educational salary differential program lacks uniformity in application, has created a division among employees in public safety agencies, raises the question of "equal pay for equal work" and, although "terminated" in September 1977, continues to grow in cost. The costs continue to grow because the educational salary differential increase as additional college credits are earned and ESD is paid as a percentage of the employee's base salary. This base salary increases annually by the 2% annual service increment, the cost-of-living adjustment and by promotion or reclassification actions.

The report recommends that the educational salary differential program be stopped completely or modified to correct its shortcomings. The recommended modification would include:

--Freezing ESD payments at a level equal to the rate being paid on June 30, 1980;

--Converting the computation of ESD from a percentage of the recipient's base salary to an annual fixed sum; and

--Limiting eligibility for ESD to those public safety employees whose educational attainment exceeds the minimum educational requirement of the employee's position.

OFFICE OF LEGISLATIVE OVERSIGHT

The Office of Legislative Oversight was created by the Council by law in late 1975 with the responsibility of determining by program evaluation, audit and investigation the effectiveness of funding and legislation, approved and enacted by the County Council, in meeting community needs. In addition, the Office assists the Council by making recommendations concerning the management and operation of public and private agencies and instrumentalities for which funds are appropriated or approved by the Council or which directly or indirectly use funds appropriated or approved by the Council. The Office conducts evaluations and investigations under a Council directed annual work program. The Office has been operational since 1977 and has written reports on the use of administrative vehicles, failure of school roofs, office furniture and equipment, MCPS plant maintenance and the Community Action agency.



MONTGOMERY COUNTY COUNCIL
OFFICE OF LEGISLATIVE OVERSIGHT
MONTGOMERY COUNTY, MARYLAND
100 MARYLAND AVENUE, ROCKVILLE, MARYLAND 20850 • 301 279-1932

REPORT 80-1

APRIL 29, 1980

TITLE

An Evaluation of Overtime, Compensatory Time, Salary Differentials and Extraordinary Performance Policies and Procedures for County Government Employees.

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

MEMORANDUM FOR THE DIRECTOR

DATE: 10/10/68

SUBJECT: [Illegible]

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I. SUMMARY AND MAJOR CONCLUSIONS/RECOMMENDATIONS

All employees in County government receive a base salary according to a salary schedule of forty grades with minimum and maximum limits of pay for a normal work year of 2080 hours. An employee is eligible to receive compensation over and above the employee's base salary. Additional compensation can be earned as overtime pay and call back pay (or compensatory leave in lieu of overtime pay), various salary differentials and recognition and awards for extraordinary performance.

This report examines the policies and procedures of the various programs currently providing compensation over and above County government employee's salary for the official work year of 2080 hours.

The major conclusions/recommendations of this evaluation are:

--For calendar year 1979, County government employees earned \$3,229,241 in overtime and call back pay, which is 3.2% of the total CY 1979 expenditure of \$100.6 million in salaries and wages. For calendar year 1979, County government employees earned 132,000 hours of compensatory leave and used 118,000 hours. Based on the 1979 average hourly rate of \$7.73, this approximates \$1,020,300 and \$912,000, respectively.

--The cost of the four salary differential programs at the outset of FY 80 was approximately \$2.4 million, distributed as follows:

.Educational achievement	\$1,936,800 (81.0%)
.Shift differential	106,600 (04.5%)
.Specialized/hazardous police positions	90,000 (03.8%)
.Special fire/rescue positions	256,600 (10.7%)
TOTAL	\$2,390,000 (100%)

--All salary differentials are paid as a percentage of base pay ranging from 2-1/2% to 20%, with a very small number of public safety employees receiving 25% in combined salary differentials.

--The educational salary differential program lacks uniformity in application, has created a division among employees in public safety agencies and raises the question of "equal pay for equal work."

--The program whereby an educational salary differential (ESD) is paid to public safety employees should either be totally stopped or frozen at the current FY 80 level of expenditure and modified to correct serious shortcomings in the program.

--As a minimum, modifications of the educational salary differential program should include:

- a) Freezing ESD payments at a level equal to the rate being paid on June 30, 1980;
- b) Converting the computation of ESD from a percentage of the recipient's base salary to an annual fixed sum; and
- c) Limiting eligibility for ESD to those public safety employees whose educational attainment exceeds the minimum educational requirement of the employees' position.

II. AUTHORITY, SCOPE & METHODOLOGY

1. Authority: Council Resolution 9-396, subject, FY 80 Work Program of the Office of Legislative Oversight, adopted September 11, 1979, directed that this Office evaluate the use of overtime, compensatory time and pay differentials within County government.
2. Scope: To examine the personnel regulations relating to the use of overtime, compensatory time in lieu of overtime, pay differentials and other forms of special compensation; to evaluate administrative procedures of the various programs; and to make recommendations concerning the programs.
3. Methodology: This evaluation was conducted using payroll and personnel data and documents available to the public. In addition, interviews were conducted with personnel of the Department of Finance, the Personnel Office and other County government departments and agencies.

III. OVERVIEW OF THE REPORT

1. Council Resolution 8-1930 adopted May 9, 1978, approved amendments to Section 33-7, Employee Compensation and Awards, of the Personnel Regulations. The amendments had been adopted and submitted to the Council by the Personnel Board. The amended section authorized the Chief Administrative Officer to establish, subject to Council approval, a general salary schedule of not more than forty grades with a specific minimum and maximum salary for each grade. Each County government employee would receive a base salary within one of the forty grades. The Council also adopted Resolution 8-1935 on May 9, 1978, which established a new Uniform Salary Plan as recommended by the Chief Administrative Officer. This plan eliminated the previous salary schedule with lettered salary and longevity pay "steps."
2. In addition to authorizing the Chief Administrative Officer to establish a base salary plan, the amended Section 33-7 re-authorized the Chief Administrative Officer to establish salary differential programs for educational achievement, shift work and very specialized or extra hazardous police positions. The amended Section 33-7 did not change the provisions in the Personnel Regulations relating to overtime pay, compensatory leave in lieu of overtime pay, call back pay or awards for extraordinary performance.

3. This report evaluates program policies and procedures currently providing compensation over and above the County employees' base salary for the official work year of 2080 hours. The evaluated programs fall into three general categories:

a) Additional work beyond normal work periods; i.e. overtime pay, call back pay and compensatory leave in lieu of overtime pay;

b) Salary differentials for educational achievement, non-standard work periods, specialized and hazardous police positions and special fire and rescue positions; and

c) Extraordinary employee performance.

IV. OVERTIME PAY, CALL-BACK PAY AND COMPENSATORY LEAVE

1. Overtime Pay:

a) Authority: Section 33-7(i) of the Personnel Regulations authorizes department heads to pay for overtime work at the rate of one and one-half times the employee's rate of pay (including all pay differentials). Limitations to the program include: overtime work of less than one-half hour is not counted; the employee must be in a pay status a minimum of eight hours each work day to qualify for overtime pay at the one and one-half rate; and supervisory employees are considered in a special category for overtime pay. Specifically, Section 33-7(j) states that "Division Chiefs and other supervisory employees of a level equivalent or higher than a Division Chief are not usually eligible to receive overtime pay." The Chief Administrative Officer is authorized to decide which supervisory employees are at a level equivalent or higher than a division chief.

b) At Exhibit A is the payroll reconciliation for calendar year 1979. The chart reflects that overtime and call back pay for that year amounted to \$3,229,241.37 or 3.2% of the total CY 1979 expenditure of \$100.6 million in salary and wages. A review of fiscal years 1976 thru 1979 indicates that overtime, while increasing each year in total dollars expended, has been consistently just over 3% of the total payroll, for each fiscal year.

2. Call-Back Pay

a) Authority: Section 33-7(e) of the Personnel Regulations provides that an employee who must return to work to perform unanticipated and unschedule work assignments is guaranteed a minimum of three hours of overtime pay.

b) Although call back pay is recorded separately on the individual employee's payroll voucher, it is included with and budgeted as overtime pay in payroll reports. Overtime in Exhibit A includes call back pay.

3. Compensatory Leave

a) Authority: Section 33-26(d)(3) of the Personnel Regulations (1972) provides that compensatory leave can be earned at the rate of one and one-half hours for each hour of overtime work performed when the employee does not receive overtime pay for such work.

b) Compensatory leave is included in this report because it represents a form of additional salary. The most common method of "collecting" compensatory leave is by taking time off during the normal work day. However, an employee can receive a lump sum cash payment at retirement for up to 80 hours of compensatory leave, and in the event of an employee's death, the employee's estate shall be paid all unused compensatory leave. The rate of compensation paid at retirement is computed at the hourly rate of pay earned at retirement. Annually, accrued compensatory leave in excess of 80 hours is transferred and credited to the employee's sick leave.

c) There are limitations to crediting compensatory leave. Division chiefs and other supervisory employees at a level equivalent or higher than a division chief earn compensatory leave on an hour-for-hour basis. In addition, division chiefs and other supervisory employees are not eligible for compensatory leave (except for holiday work) for the first five hours of overtime "on a regular work day or in a regular work week." Another limitation has been imposed by the current administration in that department and agency heads are not eligible to receive compensatory leave regardless of the number of hours worked overtime.

d) For calendar year 1979, 132,000 hours of compensatory leave was earned by County government employees with 118,000 hours used. Based on the 1979 average hourly rate for all County government employees of \$7.73, the value of compensatory leave earned was approximately \$1,020,300 and the value taken was approximately \$912,000.

4. OLO Comments

a) The overtime and comprehensive leave policies have two major shortcomings. The first relates to exactly who is eligible to receive overtime pay and compensatory leave. Current policies define eligibility on the basis of the employee's degree of supervisory responsibility rather than by specific job position or pay grade. Consequently, some employees in pay grade 27 and above who are not in supervisory positions are eligible for overtime pay and compensatory leave; while other employees in that same grade, or even a lower grade, who have supervisory responsibilities are under several overtime/compensatory leave limitations. The second shortcoming in the program permits non-supervisory employees to earn overtime pay or compensatory leave after a minimum of eight hours of regular work. The more common practice is to authorize overtime pay and compensatory leave for work in excess of the normal 40 hour work week. The practice of authorizing overtime and compensatory leave for work in excess of the normal 40 hour work week is common in that this standard is set as a minimum by the Fair Labor Standards Act (FLSA) for those jurisdictions which are covered by the same. However, it must be noted that the FLSA is not applicable to the public sector.

b) These two shortcomings have been recognized by the Personnel Board and the Personnel Office. The Personnel Board in its proposed new Personnel Regulations, dated March 5, 1980, addresses the two shortcomings. These proposed Personnel Regulations (Section 7.3) specify that overtime pay is authorized for work in excess of the normal work week and provides a guide on overtime pay eligibility based on specific pay grades. The proposed regulations also restrict call back pay to those employees in pay grades 1 through 25. The regulations change the compensatory leave policy by stipulating the same eligibility restrictions as for overtime pay and limiting the number of hours which can be accrued. The proposed revised Personnel Regulations are expected to be presented to the Council in mid-1980.

c) The Personnel Office has also conducted a review of overtime and comprehensive leave policies. In June 1979 the Personnel Officer proposed several changes to the Chief Administrative Officer. One change prohibited department and agency heads from receiving overtime pay and compensatory leave regardless of the amount of hours worked overtime.

V. SALARY DIFFERENTIALS

1. General: County Personnel Regulations discuss several salary differential programs which can be grouped into four categories:

- a) Educational achievement;
- b) Shift work;
- c) Very specialized and extra hazardous police positions; and
- d) Special fire and rescue positions.

Each of these are discussed in subsequent paragraphs. (Also see Exhibit B).

2. Educational Salary Differential (ESD):

a) Authority: Section 33-7(c) of the Personnel Regulations authorizes the Chief Administrative Officer to establish an "educational pay differential program for any occupational category of County employees." Currently, the Chief Administrative Officer has authorized an educational salary differential to be paid to specific public safety employees of the Sheriff's Office and the Departments of Police, Corrections and Rehabilitation and Fire and Rescue Services. In addition, the Montgomery County Fire Board has authorized an educational salary differential for fire fighters and paramedics.

b) History: An educational salary differential was first recommended by the Personnel Board and adopted by the Council in April 1965. The differential was limited to police officers who, through participation in the Police Professional Advancement Program (PPAP)*, or by other means, had earned college credits. The original goals of the program were to encourage participation in the PPAP and to reward police officers who attained educational credits over and above the department's educational minimum of a high school diploma or certificate. The amount of salary differential which could be awarded was five percent of the recipient's base pay for completing 15 credit hours in PPAP or for 60 credit hours for college work earned outside of the PPAP. Since 1965 the program has grown substantially in both the number of employees authorized to receive an educational salary differential and the percentage of base salary which is awarded.

c) Employees authorized an ESD: First established only for police officers, the Personnel Regulations were amended in December 1970 to include "any occupational category of County employees." Since 1970, however, the program has been expanded to include only public safety employees in three other departments/agencies and the fire and rescue departments which receive tax funds. Correctional officers of the Department of Corrections and Rehabilitation were eligible for an ESD in 1971; Sheriff's Deputies began receiving an ESD in January 1974; and fire and rescue personnel of the Department of Fire and Rescue Services and the several fire and rescue departments were eligible in April 1974 (although fire prevention officers apparently were paid an ESD prior to that date).

d) Amounts authorized to be paid as an educational salary differential. When first established for police officers in 1965, the ESD was awarded as a percentage of the officer's base pay for a specific achievement depending upon the source of the college credits (see b above). Within a few years the amount of salary differential had increased and was awarded according to the number of earned college credits and the rank of the police officer. By June 1970, the chief administrative officer had authorized the following ESD schedule for the Police Department:

*The Police Professional Advancement Program (PPAP) was instituted in cooperation with the University of Maryland in early 1962 to provide college level instruction to police officers with tuition assistance and book costs provided by the County. The program now includes police officers, correctional officers and Sheriff's deputies, and is one of three programs whereby the County provides educational tuition assistance to employees. At Exhibit C is a breakdown of three employee education assistance programs to which the County contributes.

EDUCATIONAL SALARY DIFFERENTIAL SCHEDULE 6/21/70

	<u>Private - Sergeant</u>	<u>Lieutenant - Captain</u>	<u>Inspector - Colonel</u>
15 Credit Hours	2-1/2%	Not authorized	Not authorized
30 Credit Hours	5%	Not authorized	Not authorized
60 Credit Hours	10%	5%	Not authorized
Baccalaureate	15%	10%	5%
Masters/Law	20%	15%	10%

In FY 74 the administration modified the educational salary differential schedule so that all police officers regardless of rank were authorized to receive the same percentage differential previously authorized only to those officers in the ranks of private to sergeant. Correctional officers and Sheriff's Deputies were eligible to receive an ESD equal to police officers except for the two and one-half percent for 15 credit hours.

When fire and rescue employees became eligible for an ESD in 1974, they were integrated into the program at a lesser differential. Fire and rescue personnel of the Department of Fire and Rescue Service and the fire departments were authorized an ESD of either five or ten percent of base salary depending on rank and educational accomplishment from 15 credit hours to a doctorate. Those percentages were reduced in 1977 to two and one-half and five percent for the same college credits, with some fire and rescue employees continuing to receive a ten percent ESD under a grandfathering provision. The current ESD schedule for fire and rescue personnel is significantly restrictive in the amount of ESD which can be earned and varies with the rank of the recipient, as reflected in the following schedule;

FIRE-RESCUE ESD SCHEDULE

(Eff. September 1977)

<u>LEVEL</u>	<u>MIN. REQ'D.</u>	<u>REQ'D. FOR 2-1/2% ESD</u>	<u>REQ'D. FOR 5% ESD</u>
VII Chief	Bachelor Deg.	Masters	Doctorate
VI Dep. Chief	50% completion of Bachelor Deg.	Bachelor Deg.	Masters
V Asst Chief	F.S.*AA	50% completion of Bachelor Deg.	Bachelor Deg.
IV Captain	F.S. Certificate	F.S. AA	50% completion of Bachelor Deg.
III Lieutenant	15 Sem. Hours	F.S. Certificate +15 add. hrs. toward F.S. AA	F.S. AA
II Sergeant	H.S./GED	F.S. Certificate	F.S. Certificate +15 add. hrs. toward F.S. AA
I Private	H.S./GED	15 Sem. Hours	F.S. Certificate

*Fire Science

e) Current expenditures for ESD. The most recent consolidated report on educational salary differential was prepared in June 1979 to reflect the impact of the FY 80 cost-of-living adjustment of 6.525% on base salary and salary differentials. At Exhibit B is a chart showing those departments with employees who receive an educational salary differential and other pay differentials.

f) ESD in other jurisdictions. Within the Washington Metropolitan area, three jurisdictions pay an ESD to police/fire personnel. Prince Georges County reduced their system in 1978 whereby ESD is paid on a scale of 2-1/2% for 15 credit hours to 10% for a Bachelor's or higher degree. Arlington County and the City of Alexandria pay a fixed sum regardless of the rank of the recipient. For Alexandria the range is \$150/year for 15 credit hours to \$1,000/per year for a Bachelor's or higher degree. In Arlington, the annual ESD ranges from \$200 to \$1,400. Fairfax County, Washington, D.C. and Rockville do not have an ESD program.

g) Phasing out ESD. In August 1977, the Chief Administrative Officer terminated the educational salary differential program for employees hired after September 1, 1977. In prohibiting entry into the program, provisions were made to continue paying an educational salary differential for those public safety employees who were enrolled in an approved course for the Spring 1978 semester or for the Summer 1978 semester which began prior to July 1, 1978; and maintained "continuous enrollment" starting with one of the above two semesters. Continuous enrollment has been defined as taking at least one approved three credit hour course in the fall and spring semesters until a Bachelor's or Master's degree is earned. Another change which was made to the program was that recipients could not expand their ESD eligibility beyond 15% for a Baccalaureate unless enrolled in an approved graduate PPAP course in the Spring or Summer 1978 semesters. Thus, the ESD program for

public safety employees was not "terminated" in 1977; on the contrary, the program continues and the program cost increases. A full evaluation of the educational and other salary differentials is contained in part VI of this report (page 10).

3. Shift Pay Differential.

a) Authority: Section 33-7(d) of the Personnel Regulations authorizes the Chief Administrative Officer to establish shift pay differentials for evening work for those occupational classes normally having a work day during daylight hours. The shift pay differential was originally established as one pay step under the old pay plan, or five percent of the recipient's base salary. When the Uniform Pay Plan was adopted in 1978, the five percent pay differential for shift work was retained.

b) In FY 79, the following departments had the indicated number of employees receiving a five percent pay differential:

<u>Dept.</u>	<u>Approx. # Employees</u>	<u>General Duties</u>
Facilities & Services	20	COB and Court House Security and building services
Police Department	6	Record services
Transportation	62	Vehicle and equipment mechanics, street sweepers
Transportation (Parking)	9	Depot night watchmen, cashiers, night maintenance/clean up
Social Services (see note)	20	Protection Service social workers
Liquor Control	36	Warehouse employees
Environmental Protection (Solid Waste)	3	Night watchmen
TOTAL	156	

(Note: The shift differential for Protective Service Employees of the Dept. of Social Services will be discontinued on July 1, 1980.)

c) Except for employees in the Department of Social Services, shift work is on a non-rotating basis. A decision by the Chief Administrative Officer in December 1973 authorized shift pay differential only to those employees assigned a permanent shift which begins between the hours of 4:00 p.m. and 5:30 p.m. There are employees in several departments (Police, Fire/Rescue, Management Information Systems) who work a rotating shift and therefore do not receive a shift pay differential.

4. Pay differential for extra hazardous or very specialized police positions.

a) Canine and motorcycle officers. Section 33-7(c) of the Personnel Regulations authorizes the Chief Administrative Officer to establish pay differentials for "extra hazardous or very specialized

police positions." For several years, police officers assigned to canine or motorcycle duty were authorized a five percent salary differential. The apparent reasons for the salary differentials were that canine duty was considered a specialized duty and the canine officer was required to spend off-duty time caring for the dog; and motorcycle duty was considered to be more hazardous than normal patrol activities. Effective August 1, 1978, the salary differentials for new officers assigned to canine and motorcycle duty were terminated with officers assigned to either of those duties as of July 31, 1978 grandfathered and continuing to receive the five percent salary differential as long as they remain in those duties.

b) Detectives. Prior to 1971, police officers in the ranks of private through sergeant assigned to detective work received a five percent pay differential. The rationale for the differential was that police officers assigned to detective duties were expected to work in excess of their normal work week with no expectation of overtime pay. By 1971, however, changes in the police overtime pay policy authorized detectives to receive overtime pay the same as other police officers. As a result, the detective salary differential of five percent was discontinued effective September 1, 1971, with detectives in the rank of private through sergeant as of August 31, 1971, authorized to receive the pay differential provided they remained continuously assigned to detective work. The differential also continues to be paid to those detectives who have been involuntarily transferred to a non-detective assignment. In any case, the detective pay differential is terminated once an officer attains the rank of lieutenant. Currently, approximately 35 police officers are receiving the five percent differential.

5. Pay differential for special fire and rescue positions. Under its authority to develop personnel regulations for fire and rescue personnel, the Montgomery County Fire Board authorized individuals performing duties of station commander, fire technician or paramedic to receive a special pay differential for the period the employee is actually assigned one of those special duty positions. Lieutenants serving as a station commander, fire fighting technicians who operate emergency vehicles and paramedics who maintain state certification and drive or serve on an ambulance receive a five percent salary differential. Paramedics who maintain state certification and serve on a Mobile Intensive Care Unit receive a ten percent salary differential. For FY 80, it is estimated that approximately \$256,600 will be paid in salary differentials for station commanders, fire technicians and paramedics (See Exhibit B).

VI. EVALUATION OF SALARY DIFFERENTIALS

1. General.

a) Types of differentials. In Part V of this report, the following salary differential programs were discussed:

- (1) Educational salary differential;
- (2) Pay differential for non-standard shift work;
- (3) Salary differential for extra hazardous and very specialized police positions; and
- (4) Pay differential for special fire and rescue positions.

b) Applicability and costs. With the exception of the pay differential for employees who work non-standard shifts, salary differentials are applicable only to public safety employees. The projected cost of all salary differentials for the beginning of FY 80 was approximately \$2.4 million. A single report which enumerates and breaksdown these costs is not maintained; however, the cost at the beginning of FY 80 (July 1979) was available from two sources. The first was a special computer printout of June 26, 1979 which applied the FY 80 cost-of-living adjustment of 6.525% to all County employees. The second was the individual FY 80 budget projections of the 16 fire/rescue departments which receive tax funds. From these two sources it was determined that the total cost of approximately \$2.4 million for the four salary differential programs at the outset of FY 80 (July 1979) was distributed as follows:

a) Educational achievement	\$1,936,800 (81.0%)
b) Shift differential	106,600 (04.5%)
c) Special and hazardous police positions	90,000 (03.8%)
d) Special fire and rescue positions	<u>256,600 (10.7%)</u>
TOTAL	\$2,390,000 (100.0%)

Each will be evaluated separately.

2. Educational Salary Differential.

a) General. As discussed previously in this report, an educational salary differential (ESD) was introduced in 1965 to reward those police officers who were participating in the Police Professional Advancement Program (PPAP)--a County funded tuition assistance program--and to encourage the continued participation in the program. The educational salary differential also rewarded those police officers who had attained educational credits over and above the department's educational minimum for appointment.

b) At the time PPAP was introduced, and continuing until the present, tuition assistance has been listed as a fringe benefit in employment opportunity announcements for police positions. Likewise, most of the announcements since the introduction of ESD reflected different starting salaries for police privates depending upon educational qualifications. However, the actual payment of an educational salary

differential or any explanation of ESD was not included in the list of fringe benefits appearing on employment announcements (Exhibit B). From 1962 when PPAP was introduced until 1978, the minimum educational requirement for police private applicants was that of a high school diploma or high school equivalency certificate. Beginning in 1978, applicants must have an Associate's Degree or 60 college credits.

c) An evaluation of the educational salary differential program reveals three major shortcomings:

(1) Lack of uniformity. There is a lack of uniformity in the application of the program to County employees in general, and among the four public safety agencies in particular. This lack of uniformity is reflected in the limited categories of County government employees who are eligible to receive an ESD; in the different educational minimums required to qualify for an ESD; and in the varying percentages paid for the same level of educational achievement.

(2) Employee division. Not only does the ESD program discriminate between public safety employees and all other County employees, the program has created a division among public safety employees. This division exists between those public safety employees who currently earn an ESD and those new employees who are ineligible for an ESD regardless of their educational achievement because they were hired after September 1, 1977. Although this latter group is currently small (approximately 15 in the Department of Police), their number will steadily increase in future years and the division will become more pronounced and serious.

(3) Cost of ESD continues to increase. The cost to the County for educational salary differentials continues to increase, although the program was "terminated" as of September 1, 1977. The costs continue to grow because the educational salary differential increase as additional college credits are earned and ESD is paid as a percentage of the employee's base salary. This base salary increases annually by the 2% annual service increment and the cost-of-living adjustment and by promotion or reclassification. Each of these shortcomings are discussed in detail in subsequent paragraphs.

d) Lack of Uniformity

(1) General. From the very beginning the educational salary differential program has not been awarded in a uniform manner to all County employees in that the program has favored a select group of employees: public safety personnel in the Departments of Police, Fire and Rescue Services and Corrections and Rehabilitation, the Sheriff's Office and the several fire and rescue departments. In addition, there is a lack of uniformity among the public safety agencies as to the educational minimum required to qualify for an ESD and the percentage of differential paid for corresponding levels of educational achievement. It was this lack of uniformity which initiated reviews by the Office of Personnel that eventually resulted in the decision to phase out the ESD program in 1977.

(2) Police officers. The Police Department has the most generous educational salary differential program. A police officer is authorized an ESD of 2-1/2% of base pay for completing 15 credit hours of college level education. That percentage rate increases to 5% for 30 credit hours, 10% for 60 credit hours or an AA degree, 15% for 120 credit hours or a Bachelor's degree and 20% for a Master's or law degree. The above percentage payments are awarded regardless of the rank of the recipient, with the exception that the Director of the Department of Police is not eligible to receive an ESD.

(3) Sheriff's deputies. The educational salary differentials awarded Sheriff's deputies are the same as that awarded police officers except that Sheriff's deputies are not eligible for the 2-1/2% salary differential.

(4) Correctional officers. As with Sheriff's deputies, correctional officers are not eligible to receive a 2-1/2% salary differential after completing 15 credit hours. However, they are eligible to receive the other four differential steps paid to police officers. The director of the Department of Corrections and Rehabilitation is not eligible to receive an ESD.

(5) Fire and rescue personnel. The educational salary differential program for fire and rescue personnel differs radically from the ESD programs of the other public safety agencies. Since 1977 fire and rescue personnel have been eligible for only a 2-1/2% or 5% ESD, (except for approximately 50 employees who were grandfathered at 10% ESD when the program was reduced from 5% or 10% ESD). Another difference is that the amount of the educational salary differential (2-1/2% or 5%) varies according to the rank of the recipient (see chart on page 8). Finally, when a firefighter or paramedic recipient is promoted, the salary differential percentage is adjusted to conform to the ESD authorized the new rank. For example, a fire private with a Fire Science Certificate (30 credit hours) is entitled to a 5% ESD. If promoted to Sergeant, the ESD will be reduced to 2-1/2% until the individual earns an additional 15 credit hours toward a Fire Science AA degree. Likewise, an assistant chief with a Bachelor's degree would forfeit an ESD of 5% when promoted to Deputy Chief because a Deputy Chief with a Bachelor's degree is eligible for only a 2-1/2% salary differential.

e) ESD creates a division among public safety employees.

(1) Beginning in 1965 when police officers were awarded an educational salary differential, the program created a division between police recipients and all other County government employees who had educational achievements beyond the minimum requirements but were not eligible for an ESD. Even as the program was being expanded in the early 1970's to include other public safety employees, the division was recognized by the Office of Personnel and a series of studies were initiated to find a way to modify or terminate the ESD program. One of the findings in these studies was that one of the goals of ESD, i.e., to encourage participation in PPAP, was apparently unnecessary in that the majority of police recruits entering the force already had educational achievements over and above the high school minimum. A Personnel Office study in October 1975 indicated that 75% of the police private candidates hired since January 1973 possessed at least an Associate Degree (AA). (Specifically: 25 with an AA, 24 with 60 or more credit hours, 73 with a Bachelor's degree and 2 with a Master's degree.) That same study showed

that an employment announcement which ran for four weeks in September 1975 resulted in 1030 police private applicants, of which a total of 745 or 72% of the applicants had some college education. These results were obtained without specifically advertising ESD as one of the employment fringe benefits. In the opinion of the current Personnel Director, the applicant flow was primarily due to a change in the labor market for college graduates, which established a new educational norm for police applicants. It was also at this time that many schools began offering Law Enforcement and Criminal Justice curriculums financed by the Law Enforcement Assistance Administration

(2) In August 1977, the educational salary differential program was eventually "terminated," in that all new public safety employees hired after September 1, 1977, are prohibited from receiving an educational salary differential. Closing the program to new hirings has not only failed to correct the division between public safety and other County employees, but has created a new division among public safety employees: those employees receiving an ESD and those employees with college credits hired after September 1, 1977 who are ineligible for any ESD. To illustrate, each of the 35 recruits in the police recruit class which began training in November 1979 had some college credits. Twenty (57%) had a Bachelor's degree or higher, 14 (40%) had an AA degree or between 60-119 credit hours, and one (3%) had 27 credit hours. None of these recruits will be eligible for an ESD upon graduation.

f) The County's cost for educational salary differential increases each year.

(1) Although the County's educational salary differential program is not open to any new public safety employees hired after September 1, 1977, ESD payments increase each year and will continue to increase--even into retirement--for those employees currently receiving the salary differential.

(2) The cost of the ESD program has doubled in the four fiscal years from FY 76 to FY 80. In an August 1975 Personnel Office study, the cost of ESD was estimated to be in excess of \$800,000. On July 1, 1979 (beginning of FY 80) the cost of educational salary differentials for approximately 815 public safety employees was over \$1.9 million. This averages out to over \$2,300 per recipient, with the lowest annual payment being \$385 and the highest, \$6,830.

(3) There are two basic reasons why ESD payments are increasing and will continue to increase. First, public safety employees receiving an ESD are permitted to earn additional credit hours up to a Bachelor's degree and advance through the salary differential "steps" to 15% for the baccalaureate. The second and more significant reason is that educational salary differentials are paid as a percentage of base salary and base salary continues to increase.

(4) The base salary of most employees increases each year by: (a) the 2% salary increment awarded annually for satisfactory performance; (b) the annual cost-of-living (COL) adjustment; and (c) promotion or reclassification action.

(5) For FY 79 and FY 80, base salaries were increased by a 2% or 4% annual service increment (4% was authorized for recently hired employees who were in the transitional years of the new Uniform Pay Plan), by the cost-of-living adjustments (COL) and by promotions and reclassifications. For FY 79, the COL was 6.8%, and for FY 80, the COL was 6.525%. The impact of the FY 80 6.525% COL on the ESD payment was \$118,000. The proposed operating budget for FY 81 includes a 7.9% COL for all employees and a 2% service increment for most employees who are judged to be performing their duties in a satisfactory manner. The combined effect of these two increases on the base salary will result be an increase of 9.9% or over \$190,000 in educational salary differential payments for FY 81.

(6) In summary, the cost of the educational salary differential program for public safety employees will have increased by over \$300,000 in two fiscal years--1980 and 1981. It should be noted that this increase will have occurred in the third and fourth fiscal years after the ESD program was "terminated."* Finally, the \$190,000 in ESD payments projected for FY 81 does not include additional increases which will result from an increase in base salary because of promotion or reclassification action or by qualifying for the next higher ESD percentage because of completing additional credit hours.

g) How to correct the shortcomings in the educational salary differential program? There are several courses of action which can be taken to correct the above shortcomings, however, only two will be presented in this report. The two are: stop all educational salary differential payments or modify the ESD program. To stop all payments to County government and fire/rescue employees who currently receive an educational salary differential would correct the inequity of the program and would result in a savings of approximately \$2 million. Modifying the program would not totally correct the above shortcomings, but would make the program more equitable and economical. One modification plan is outlined below:

(1) Freeze the educational salary differential at a level equal to the rate being paid on June 30, 1980 (or some date prior to June 30th). This would result in an immediate saving of an estimated \$190,000, which is the projected increase in ESD because of the annual 2% service increment and the 7.9% COL budgeted for FY 81.

*It should be also noted that when the program was "terminated" in 1977, a joint recommendation of the Personnel Officer and the heads of the public safety agencies receiving ESD was to retain the dollar amount and not a percentage amount. The Chief Administrative officer directed a percentage amount.

(2) Convert the June 30, 1980 (end of FY 80) ESD for each recipient to an annual fixed sum (to be paid in 26 equal payments) thus resulting in an undetermined additional savings because ESD would not be increased when the recipient's base salary is increased because of a promotion, reclassification, or accelerated within-grade advancement.

(3) Change the current ESD schedule for the Department of Police, the Department of Corrections and Rehabilitation and the Sheriff's Office to one paralleling the ESD schedule for fire and rescue personnel. Specifically, a recipient participating in the Police Professional Advancement Program (PPAP) and the Fire Science Program (FSD) would continue to receive tuition assistance and a fixed educational salary differential when the employee's educational achievement exceeded the requirements for the employee's job position; however, if the recipient is promoted to a new position requiring a higher educational level than the employee currently possessed, the educational salary differential would be reduced accordingly.

3. Salary differential for permanent, non-standard shift work. It is the general practice in the private and public sector to pay a salary differential to employees whose work day is other than during normal daylight hours. The County should continue paying the salary differential, but should change the payment to a fixed salary amount rather than a percentage of base pay.

4. Salary differential for extra hazardous and very specialized police positions. As stated previously in this report, the payment of salary differentials for detective, canine and motorcycle positions are no longer authorized. Those receiving the differential when the programs were terminated were grandfathered and continue to receive five percent of their base salary. The County should change the payment to a fixed salary differential rather than a percentage of base pay.

5. Salary differential for special fire and rescue positions. The awarding of a salary differential for fire and rescue personnel who are station commanders, fire technicians and paramedics should be continued; however, the current basis of payment should be changed to a fixed salary differential rather than a percentage of base salary.

VII. EMPLOYEE RECOGNITION AND EXTRAORDINARY PERFORMANCE AWARDS

a) Section 33-16 of the Personnel Regulations lists four awards which an employee can earn in recognition of extraordinary performance:

Outstanding Service Increment, Special Within Grade Advancement (for short supply occupational classes, an exceptional act, or an act of heroism), Excellent Performance Increment Award and Superior Performance Incentive Award. For all except the Superior Performance Incentive Award, the recipient would receive a permanent advance of one or more "steps" within the old pay grade system. This advance equaled a five percent increase in the employee's base salary. The recipient of a Superior Performance Incentive Award received a one-half step (approximately 2-1/2%) advancement for one year unless specifically approved for a longer period.

b) The Uniform Salary Plan in May 1978 eliminated the old pay "steps." As a result, employees receiving an Outstanding Service Increment, a Special Within Grade Advancement or an Excellent Performance Increment Award are now given either a two or four percent increase in their base pay. Records are not available which lists the number of employees who have received one of these three awards of either two or four percent; however, informal staff estimates indicate that approximately 20 employees per month receive one of the above three awards, half at two percent and half at four percent. The Superior Performance Incentive Award (SPI) was eliminated in 1978; however, because of a phase out period, seventeen employees were still receiving an SPI in June 1979 at an average annual award of \$900 per employee.

c) The Personnel Board and Personnel Office have recommended changes to the awards program. The Personnel Board's March 5, 1980 proposed revision of the Personnel Regulations authorizes the Chief Administrative Officer to establish cash awards for special achievement and outstanding performance. The significant change is that the award would be a one-time lump sum cash payment rather than a percentage increase to the employee's base salary. The administration is staffing a new Administrative Procedure 4-14, Extraordinary Performance Awards, which would provide one-time lump sum cash awards equal to two or four percent of an employee's annual base salary for sustained extraordinary performance and special acts or achievement. (See VIII. 3, next page for comments.)

VIII. OTHER MATTERS

1. General: In previous sections of this report, two proposed documents were identified: revised Personnel Regulations and a revised Administrative Procedure, 4-14, Extraordinary Performance Awards. These two documents and another Administrative Procedure will be discussed in this part of the report as they impact on compensation.

2. Revised Personnel Regulations.

a) In mid-1980, the Personnel Board will present revised Personnel Regulations to the County Council for approval. The proposed regulations have had two public hearings, the most recent in October 1979. As of this writing the new regulations include revisions to the overtime and call back policies, compensatory leave, employee recognition awards and pay differentials. Also, a new category of standby pay is introduced (discussed below).

b) It is important to note that the proposed Personnel Regulations will be the first revision since Council enacted Bill 36-78, a comprehensive merit system bill which became effective on February 8, 1979. Sec. 33-7b of the Bill lists specific areas which the Personnel Board should address in the personnel regulations. In commenting (not rendering an official opinion) on an earlier draft (September 1979) of the proposed personnel regulations in October 1979, the County Attorney listed several sections of those revised regulations which "do not fall within the purview of the Personnel Board to adopt." More specifically, the County Attorney opined that Bill 36-78 does not authorize the Personnel Board to address in personnel regulations the following areas: employee compensation (overtime, pay differentials, call back pay and standby pay), employee recognition and awards and compensatory leave. It would appear that an official County Attorney opinion on the Personnel Board's powers under the comprehensive merit system bill should be obtained before submitting any revised personnel regulations to the Council for approval.

3. Administrative Procedure on Extraordinary Performance Awards. The administration is staffing a draft AP 4-14, Extraordinary Performance Awards. When adopted, this new AP will authorize recognition in two categories of extraordinary performance: sustained extraordinary performance and special acts or achievements. A major change in the new AP concerns the current procedure of making awards a percentage increase in the employee's base salary. The new draft AP changes the method of recognition to a one-time lump sum cash award of two or four percent of an employee's base salary. The new draft AP is flawed in that it does not provide standards of performance by which employees will be judged for the awards. In the absence of improved controls in the form of specified standards of performance, the one-time lump sum cash award appears an improvement over the current procedure of awarding a percentage of base salary. An alternative to the one-time lump sum would be an annual award of two or four percent of the recipient's base salary computed at the time the award is made and converted to a fixed annual sum.

4. Administrative Procedure on Stand-By Status and Compensation. The administration is staffing a draft AP 4-15, Stand-by Status and Compensation, which will provide a percentage of the employees hourly base rate as compensation for remaining at home or in telephone contact because of impending emergency duties. The proposed revision of the Personnel Regulations provides for compensation at 25% of the employee's hourly base rate for all hours on stand-by for employees in grades 1 through 25. The draft AP 4-15, specifies compensation at the rate of one eighth (12.5%) of the employee's hourly base rate for all hours on stand-by. Unlike the proposed Personnel Regulations, AP 4-15, does not limit stand-by pay to the lower grades.

IX. CONCLUSIONS.

1. For calendar year 1979, County government employees earned \$3,229,241 in overtime and call back pay, which is 3.2% of the total FY 79 expenditure of \$100.6 million in salaries and wages.

2. For calendar year 1979, County government employees earned 132,000 hours of compensatory leave and used 118,000 hours. Based on the 1979 average hourly rate of \$7.73, this approximates \$1,020,300 and \$912,000, respectively.

3. The Personnel Board's March 5, 1980 proposed revision of the Personnel Regulations includes significant improvements over the current indefinite and generous policies relating to overtime and call back pay, comprehensive leave and employee recognition and awards.

4. County government employees are eligible to earn salary differentials for: educational achievement, shift work, very specialized and extra hazardous police positions, and special fire and rescue positions.

5. The cost of the four salary differential programs at the outset of FY 80 was approximately \$2.4 million, distributed as follows:

.Educational achievement	\$1,936,800 (81.0%)
.Shift differential	106,600 (04.5%)
.Specialized/hazardous police positions	90,000 (03.8%)
.Special fire/rescue positions	256,600 (10.7%)
TOTAL	<u>\$2,390,000 (100%)</u>

6. All salary differentials are paid as a percentage of base pay ranging from 2-1/2% to 20%, with a very small number of public safety employees receiving 25% in combined salary differentials.

7. The educational salary differential program lacks uniformity in application, creates a division among employees in public safety agencies, and raises the question of "equal pay for equal work."

8. Although the educational salary differential program was "terminated" in September 1977 with new public safety hirings ineligible to participate in the program, the cost of the program to the County continues to increase.

9. The County attorney has questioned the Personnel Board's authority under Bill 36-78, the comprehensive merit system bill, to propose personnel regulations on employee compensation, employee recognition and awards and compensatory leave.

X. RECOMMENDATIONS

1. Consideration should be given to improve policies concerning overtime and call-back pay, compensatory leave and employee performance awards. Some recommended improvements are included in the March 5, 1980 proposed revised Personnel Regulations.

2. The program whereby an educational salary differential (ESD) is paid to public safety employees should either be totally stopped or modified to correct serious shortcomings in the program.

3. As a minimum, modification of the educational salary differential program should include:

a) Freezing ESD payments at a level equal to the rate being paid on June 30, 1980;

b) Converting the computation of ESD from a percentage of the recipient's base salary to an annual fixed sum; and

c) Limiting eligibility for ESD to those public safety employees whose educational attainment exceeds the minimum educational requirements of the employees' position.

4. The other salary differential programs should be modified so as to pay on the basis of an annual fixed sum rather than a percentage of the recipients base salary.

5. In the absence of improved controls, extraordinary performance awards should be changed to either a one-time lump cash award or an annual fixed sum based on a percentage of the recipient's base salary at the time of the award.

6. The County Attorney should be requested to give an official legal opinion on the Personnel Board's authority under Bill 36-78, the comprehensive merit system law, to propose personnel regulations on employee compensation, employee recognition and awards and compensatory leave.

XI. AGENCY/DEPARTMENT COMMENTS AND OLO RESPONSE

1. General:

a) Before submitting this report to the Council, a draft copy was sent to the Chief Administrative Officer, the Sheriff, the County Attorney, the Chairman, Montgomery County Fire Board, the Personnel Board and eleven County government departments with a request for comments.

b) Some of the agencies responded (some orally). Those comments which corrected basic data or provided additional clarification and justification have been included in this final report. The comments of 7 departments are presented below in their entirety.

2. Comments from the Director, Department of Police.

MEMORANDUM

TO: Robert W. Wilson
Chief Administrative Officer

FROM: Chief Bernard D. Crooke *B.D. Crooke*

SUBJECT: Department Response to Draft Report of the Office of
Legislative Oversight

DATE: April 2, 1980

The draft report of the Office of Legislative Oversight identifies some potential problems, particularly with the educational salary differential program, however, I cannot concur with the recommendations offered.

The issues raised by OLO concerning overtime and compensatory leave policies have been addressed by the Personnel Board in their proposed regulations, therefore, I will not comment on them here. But it should be pointed out that a significant amount of overtime pay in CY 79 was due to the declaration of three general emergency leaves for County employees because of heavy snow. During these general emergencies, officers required to work received overtime pay.

The original goal of the Educational Salary Differential Program (ESD), as stated in the report, was to "encourage participation in the PPAP and to reward police officers who attained educational credits over and above the department's educational minimum of a high school diploma or certificate." I think this goal is a highly desirable one for the employee, the County Government and the public and the level of participation among officers indicates it is working.

In 1977, the Chief Administrative Officer revised the eligibility for an educational salary differential by: (a) declaring officers ineligible for ESD, regardless of educational level, who were hired after Sept. 1, 1977; (b) requiring officers currently participating in PPAP to maintain "continuous enrollment after July 1, 1978, and (c) limiting the amount of ESD to a permanent 15% for a Baccalaureate for all police officers, except those enrolled in graduate school programs as of the spring or summer semester, 1978. I feel this is the fairest method of phasing out a program which has accomplished its goal and may be no longer needed.

Note a

The recommendations of OLO are based in part on erroneous information which, if accepted, would result in serious morale problems within the police department and in all likelihood civil litigation. In Section VI 2(b) of the report, it is stated, "However, the payment of an educational salary differential has never been included in any official police employment opportunity announcement." The employment opportunity announcements dated 12/71, 8/1/73, and 4/1/75 all contain a list of the starting salaries with various college degrees for the position of police private. The salary difference between High School graduate and an Acceptable Master's or Law Degree is over 20% (\$10,104 and \$12,253, respectively) See attached. Further, the report continues, "In almost twenty years since the introduction of PPAP, the minimum educational requirement for police private applicants has not changed from that of a high school diploma or...equivalency." The Employment Announcements distributed since 1978 all require an Associate's Degree or 60 college credits in English, Spanish, Math, Social Sciences, and/or Law Enforcement courses as a minimum educational qualification.

I do not see the necessity for having a uniform ESD amount among all the departments eligible to participate in ESD, however, the policy should be the same for all employees within a single department. I concur with Mr. Man-sinne's statement that the division between officers receiving ESD and those ineligible to receive ESD will become more pronounced and serious in future years.

Note a: Included in final report.

I cannot concur with the recommendation to stop ESD outright or "freeze" the amount officers receive as of a certain date on the basis of equity. The County Government has established a program whereby officers willing to go to school off duty, many for a number of years, would receive a salary differential over and above their base salary for successful completion of college courses. This obligation was modified once for current employees in that those not enrolled in graduate school on a certain date could receive only a maximum 15% ESD for a Baccalaureate. This modification afforded employees the opportunity to enroll in PPAP or lose out on eligibility for a salary differential. Under the proposed recommendations, employees are afforded no opportunity, alternative, or choice in the matter.

Since the inception of the ESD Program in 1965, the differential has always been based on a percentage of base salary. The current percentages were authorized in 1972 by the Chief Administrative Officer. Although I agree in retrospect that a fixed sum for various college degrees probably would have been more equitable and less costly, I do not know if such a modification is feasible at this late juncture in the program.

The recommendation tying college degrees to specific ranks [VI2(g)(4)] seems desirable at first glance, however, further analysis raises fundamental flaws with this concept. First, it implies that employees would be allowed to continue in PPAP without limitation to attain the degree desired. Second, this concept implies that bona fide minimum educational requirements can be established (not desired) for each rank, such as Baccalaureate for Lieutenant, Masters for Captain, etc. Third, this would increase payroll accounting workload in adding or subtracting differentials as officers are promoted or attain higher degrees. Finally, it is conceivable under this concept that an officer could lose money after a promotion! For example, a lieutenant receiving a 10% differential for a Masters Degree may lose 5% by being promoted to Captain under this ESD concept!

In conclusion, my belief is that all that can be done to revise and limit the ESD Program within the constraints of fairness to employees and sound personnel management, has been done. Further modifications to ESD will adversely impact morale and may lead to greater employee turnover and/or civil litigation. While the amount of ESD is currently increasing, in the future the increase will reduce to a trickle with the 2% annual increment; the maximum limitation of 15% ESD conditional upon maintaining continuous enrollment, and the leveling off of manpower within the Department and subsequent limited promotions.

3. Comments from the Director, Department of Corrections and Rehabilitation.

MEMORANDUM

April 3, 1980

TO: Robert W. Wilson, Chief Administrative Officer
FROM: Gary R. Blake, Director, Department of Correction and Rehabilitation
SUBJECT: Educational Salary Differential (ESD)
REFERENCE: Office of Legislative Oversight Report 90-1

My staff and I strenuously oppose the discontinuance of the Educational Salary Differential. This would be tantamount to a breach of faith on the part of the County to those employees now receiving ESD. The ESD Program was invaluable for recruiting purposes.

The Public Safety Directors recognized the high cost of the ESD Program and in fact initiated action to discontinue the program for employees hired after September 1977.

I support the recommendation of Legislative Oversight to freeze ESD payments at a level equal to the rate being paid on June 30, 1980. This is the only modification to the program that should be made.

4. Comments from the Personnel Director.

M E M O R A N D U M

April 9, 1980

TO: Andrew Mansinne, Director, Office of Legislative Oversight
FROM: Clinton A. Hilliard, Personnel Director *CAH*
SUBJECT: Office of Legislative Oversight Report 80-1, An Evaluation
of Overtime, Compensatory Time, Salary Differential and
Extraordinary Performance Policies and Procedures for County
Government Employees

In response to the above cited report, I make the following comments:

I. SUMMARY AND MAJOR CONCLUSIONS/RECOMMENDATIONS

Paragraph one should read "compensatory leave in lieu of overtime pay."

Subparagraph c - In many instances, employees were receiving Educational Salary Differential (ESD) before the minimum qualifications of the position were changed.

II. AUTHORITY/SCOPE AND METHODOLOGY

No comment.

III. OVERVIEW OF THE REPORT

No comment.

IV. OVERTIME PAY, CALL-BACK PAY, AND COMPENSATORY LEAVE

3) Compensatory Leave, Subparagraph b - In addition to a lump-sum cash payment at retirement for up to 80 hours of compensatory leave, Section 33-26(d)(3)(d), Disposition of Compensatory Leave at Separation, provides that an employee, upon separation from County service, may receive a lump-sum payment for up to 80 hours of compensatory leave. In the event of an employee's death, the employee's estate shall be paid all unused compensatory leave.

The Personnel Regulations also provide in Section 33-26(d)(3)(c), Limitations on Accrual of Compensatory Leave, that the Chief Administrative

Officer may permit an employee to retain compensatory leave balances in excess of 80 hours. Whenever it is shown that the employee was unable to reduce the balance to 80 hours because of emergency or special workload consideration, such leave must be reduced no later than December 31, of the following year.

Note a

4) Office of Legislative Oversight (OLO) Comments - The practice of authorizing overtime and compensatory leave for work in excess of the normal 40 hour work week is common in that this standard is set as a minimum by the Fair Labor Standards Act (FLSA) for those jurisdictions which are covered by the same. In the public sector, where the FLSA is not applicable, jurisdictions pay less, meet, or exceed the FLSA standard.

V. SALARY DIFFERENTIAL

2) Education and Salary Differential, Subparagraph b - History: In addition to the goals cited in this subsection, ESD was used as an incentive in recruiting college educated applicants who were not normally applying for police positions in the mid sixties. Generally, it was felt that the use of an educational incentive would upgrade the quality and number of applicants, which were scarce at that time. This program was also used to help maintain an edge in recruitment and retention, as other jurisdictions adopted ESD policies.

Subparagraph c - Employees Authorized ESD: In addition to police officers, reference is made to three department/agencies that provide ESD to employees. The report, however, mentions only the Sheriff's Office and Department of Corrections. The program was available to employees in Police, Sheriff's Office, Corrections and Fire/Rescue, with several Fire/Rescue employees outside the County government also participating.

3) Shift Pay Differential - In the Fall of 1979, the Personnel Director brought to the attention of the Department of Social Services the fact that the present policy regarding payment of a shift differential for employees in the Protective Services Section was not in compliance with existing County policy. The Department's management have indicated that they are moving to discontinue the shift differential for Protective Services employees effective July 1, 1980.

VI. EVALUATION OF SALARY DIFFERENTIAL

Note a

2) Educational Salary Differential, Subparagraph b - The OLO report indicates that the payment of ESD has never been included in any official Police employment announcement. Attached are copies of announcements which clearly indicate that employees would be eligible for certain salary ranges based on educational attainment.

Note a

The report also states that the minimum educational requirements for police private applicants has not changed from that of a high school diploma or a high school equivalency certificate in almost twenty years since the introduction of the Police Professional Advancement Program (PPAP). The Personnel Board changed the minimum education requirements in September, 1978, for entry level police officers. Revised class specifications, effective June, 1979, require an Associate of Arts degree for Police Officers I, II, and III.

Subparagraph e - ESD creates a division among public safety employees.

1) The primary reason for not including ESD in the police recruitment announcement was because the decision to discontinue ESD was pending, and it was unclear as to whether or not the 1975 recruits would be eligible to receive it.

Note a

The applicant flow referred to in this paragraph was primarily due to a change in the labor market for college graduates, which established a new educational norm for police applicants. It was also at this time that many schools began offering Law Enforcement and Criminal Justice curriculums financed by the Law Enforcement Assistance Administration.

Subparagraph f - The County's cost of ESD increased each year.

Note a

5) Annual service increments were not limited to 2% for all employees in FY80. Council Resolution No. 8-1935 provides that the granting of 2%/4% annual increments, based on an employee's hire date and status in the pay plan, will continue through FY80. Beginning with FY81, service increments for all employees will be limited to 2%.

Note a: Included in final report.

VII. EMPLOYEE RECOGNITION AND EXTRAORDINARY PERFORMANCE AWARDS

No comment.

VIII. OTHER MATTERS

No comment.

IX. CONCLUSIONS

No comment.

X. RECOMMENDATIONS

1) The County Attorney in a memorandum to the Personnel Board (attached) dated October 31, 1979, has taken the position that policies affecting overtime, call-back pay, and extraordinary performance awards do not fall within the purview of the Personnel Board to adopt regulations consistent with Bill #36-78, the Merit System Law. It is the position of the Executive Branch that authority to establish policies in these areas lies with the Chief Administrative Officer.

2) The discontinuance of ESD will impact on employees in the following ways:

- a) College course work beyond the minimum qualification will be perceived by employees as having no relevant value in terms of job duties.
- b) Personnel and family budgets may experience some difficulty where financial commitments have been made based on the continuance of ESD.
- c) The value of overtime earned, and compensatory/annual leave when paid upon separation would be reduced. ESD is included in the calculation of these rates.
- d) ESD is considered a part of the employees final average earnings for retirement purposes. The discontinuance of ESD would potentially reduce the retirement benefit, or otherwise cause employees to retire earlier than anticipated.

3) Any modification of the current ESD policy will have significant impact on the future income of incumbent employees; therefore, any attempt to alter the existing ESD policy should be reviewed in conjunction with employees and/or their representatives.

4) Limiting eligibility for ESD to those Public Safety employees whose educational attainments exceed the educational requirements of a position should not be a consideration, where such requirements were placed into effect after the employee was receiving a differential for the college credits.

5. Comments from the Director, Department of Environmental Protection.

April 7, 1980

TO: Andrew Mansinne, Jr., Director
Office of Legislative Oversight

FROM: *JSB* James S. Baker, Director
Department of Environmental Protection

SUBJECT: Office of Legislative Oversight Report 80-1, An Evaluation of Overtime, Compensatory Time, Salary Differential and Extraordinary Performance Policies and Procedures for County Government Employees

We have no problem in principle with your recommendation that the County change the technique for determining the salary differential for permanent, non-standard shift work from a simple percentage of base pay to a fixed salary differential.

Since there are no employees in this agency earning ESD's, I do not feel qualified to comment.

Note a

I am concerned however, about your opinion that a one-time lump sum cash award of two or four percent of an employee's base salary appears to be a marked improvement to the current procedure of awarding a permanent percentage of base pay increment. While you may have justification for that opinion, no data has been presented to substantiate it. In what way would this technique be a marked improvement? Does it save money? Is it more equitable? Is it simpler to manage?

I do not believe the lump sum award technique should be substituted as the only technique for rewarding extraordinary performance. In my opinion, the lump sum award provision would be a useful addition to the tools available to managers for rewarding exceptional performance and would result in a significant reduction in the number of permanent OSI's presently awarded. Elimination of the permanent OSI increment however, would still leave managers with a restricted array of options. If there is concern with possible abuse of the permanent OSI technique, perhaps a review/control mechanism could be established.

Note a: Included in final report.

6. Comments of the Sheriff of Montgomery County.

Sheriff's Department
Court House
Rockville, Maryland 20850

JAMES A. YOUNG
SHERIFF, MONTGOMERY COUNTY, MD.
OFFICE: 279-8286

April 10, 1980

MEMORANDUM

TO: Andrew Mansinne, Jr.
Director; Office of Legislative Oversight

FROM: James A. Young, Sheriff Montgomery County *James A. Young*

SUBJECT: Office of Legislative Oversight Report 80-1

I have reviewed your draft report on Overtime, Compensatory time, Salary Differential and Extraordinary Performance Polices. The only comments that I wish to make at this time are in connection with your proposed changes in the Educational Salary Differential (ESD).

I do not wish to see the ESD program changed at this time and in the manner you advocate. I feel that the present ESD program is a reasonable one. It affords a means of rewarding those county employees who have brought education and professionalism to law enforcement and public safety. Taking away or modifying ESD benefits, from these employees, would constitute punitive measures.

In your report you have not mentioned a problem with the present ESD program that I have questioned for years. In the past you have granted ESD to an employee based on a degree in a field that has no connection with the employees assignment and position in the County. A Deputy Sheriff or Police Officer who is granted ESD should have his degree in Law Enforcement or some other related field, not Agriculture or Interior Decorating.

7. Comments of the Chief Deputy Sheriff.

MEMORANDUM

April 10, 1980

TO: Mr. Andrew Mansinne, Jr., Director, Office of Legislative Oversight
FROM: Raymond M. Kight, Chief Deputy Sheriff *[Signature]*
SUBJECT: Legislative Oversight Report 80-1

On April 10, 1980 I received for the first time, a copy of your "draft" report concerning various benefits of Montgomery County employees. Comments concerning this report were requested to be received by you prior to April 8, 1980. Due to the urgency of getting my comments to you, I will address only "Educational Salary Differential" (ESD), as this is of primary concern to about one-third of the employees of this Office.

Personally, I began receiving ESD as a police private in 1965. At that time County Policy was to pressure officers to participate in college programs if one ever expected to get ahead. When I transferred to the Sheriff's Office, I began receiving ESD in 1974, when it was approved for this office.

In my view, pay and benefits received by an employee, are a part of an employee contract with County Government. For the County to unilaterally terminate ESD some fifteen years after it agreed to provide these benefits is unconscionable, if not illegal.

In August 1977, the previous Chief Administrative Officer ruled that it would be "unfair" treatment to terminate ESD for those hired under then existing ESD policies. The question now arises; will each administration alter or terminate benefits that employees were hired under and expect to receive? If so, then employees could reasonably expect reduction in benefits every four years.

I believe that the decision by the Chief Administrative Officer in 1977, after considering all the facts, was a fair, just, and legally binding one. I support that decision, and oppose your recommendation to either terminate or reduce ESD.

8. Comments of the Director, Department of Facilities and Services.

MEMORANDUM

March 26, 1980

To: Andrew Mansinne, Jr., Director
Office of Legislative Oversight
From: Jack F. Houghton, Acting Director
Department of Facilities and Services *[Signature]*
Re: Report 80-1

I agree with the conclusions and recommendations presented in paragraphs I and X of the DRAFT report.

In paragraphs I and X, the term "comprehensive" leave is used. It is believed that "compensatory" leave should be substituted.



Payroll Reconciliation Year 1979

Exhibit A

Pay Date	Regular	Overtime*	Total	Year to Date
1/12/79	361850041	15202351	377052392	377052392
1/26/79	364207526	19815612	384024138	761077030
2/9/79	357272583	9420140	367092723	1128162753
2/23/79	352519123	17481582	372001075	1500170823
3/9/79	354428045	35606976	390035021	1890205849
3/23/79	369102737	9257099	378359836	2268565685
4/6/79	355133003	6880426	362013429	2631577114
4/20/79	357042549	13258013	370300562	3000779676
5/4/79	356679079	8041371	362720470	3360660146
5/18/79	357764985	7377259	365142244	3728742390
6/1/79	362037462	7036980	369074442	4097816832
6/15/79	360239264	12897899	373137163	4470953995
6/29/79	362506776	7160464	369667240	4840421235
7/13/79	387672009	2707713	396379722	5237000957
7/27/79	401025560	13896610	414922170	5651923127
8/10/79	398191134	9200730	407391864	6059314991
8/24/79	398065737	9097402	407163145	6866478136
9/7/79	386341430	9190984	395532414	6862010550
9/21/79	383409121	16008851	399617972	7261628522
10/5/79	389357162	9207250	398564412	7660192934
10/19/79	383619478	9654568	393274046	8053466980
11/2/79	389920673	16635748	406556421	8460023401
11/16/79	387991793	9519671	397511464	8857534865
11/30/79	388835056	17297948	406133004	9263667369
12/14/79	386702529	16821402	403521931	9667249300
12/28/79	387874427	10188582	398063009	10065312809
Total	9742388672	322924137	10065312809	
	(96.8%)	(3.2%)	(100%)	
* Includes CALL BACK PAY				
Source: Payroll Section				
Div of Finance				
Jan 21, 1980				
Exhibit A				

Salary Differentials (ESD & PD) for County Government,
Sheriff's Office and Fire/Rescue Departments^a

Department (% of Base Pay)	Employees Receiving Educations Salary Differential (ESD)						Employees Receiving Pay Differential (PD) ^b			Amount Reflected in PSL-271-1 Payroll/ Personnel printout dated 6/26/79 after application of FY 80 COL of 6.525%-- (except for fire depts--see note d)
	2-1/2%	5%	10%	15%	20%	Total ^c	5%	10%	Total ^c	
Police	13	43	246	269	34	605	90	(e)	90	\$1,672,757
Fire/Rescue	3	10	8	(e)	(e)	21	1	6	7	45,318
Corrections/Rehabilitation	(e)	7	14	29	4	54	(e)	(e)	--	129,962
County Sheriff	(e)	2	7	11	1	21	(e)	(e)	--	43,436
Fire departments ^d	21	52	42	(e)	(e)	115	205	18	223	391,706
Facilities/Services	----- (e) -----						20	(e)	20	13,250
Transportation/Parking	----- (e) -----						71	(e)	71	51,135
Social Services	----- (e) -----						20	(e)	20	19,945
Liquor	----- (e) -----						36	(e)	36	20,502
Environmental Protection	----- (e) -----						3	(e)	3	1,742
TOTAL	37	114	317	309	39	816	446	24	470	\$2,389,753

Notes:

- a) The data appearing here was consolidated from a special Payroll/Personnel computer report PSL-271-1, dated 6/26/79 used to compute the FY 80 cost-of-living salary adjustment of 6.525 percent and from FY 80 budget documents of the fire and rescue departments. Thus, the costs reflected in this table are exact as of the first pay period in FY 80.
- b) Pay differential includes shift pay differential, pay differential for special duty (canine, detective, motorcycle) and pay differential for certain firefighter technicians, paramedics and station commanders.
- c) Totals are not additive as some employees receive more than one pay differential; e.g., a Police officer can receive an ESD of 15% of base pay for having a BA degree and a PD of 5% for being a motorcycle officer. PSL-271-1 report reflects that 71 police officers were receiving both an ESD and a PD.
- d) These figures reflect participation from the 15 fire departments and one rescue squad which receive tax funds (Damascus Fire Department and Bethesda-Chevy Chase Rescue Squad do not receive tax funds).
- e) Not authorized a differential in this category.

County Contributions to Employee Education

<u>Fiscal Year</u>	<u>ETAP^a</u>	<u>PPAP^b</u>	<u>FSP^c</u>	<u>Total</u>
'72	\$30,130	\$15,360	\$1,500	\$46,990 ^d
'73	52,520	16,140	1,430	70,090 ^d
'74	52,273	24,208	1,323	77,804 ^d
'75	51,435	16,495	810	68,740
'76	62,201	25,730	610	88,541
'77	57,881	18,146	1,750	77,777
'78	61,609	18,816	1,318	81,743
'79	64,471	15,055	1,933	81,459
'80 projected	70,000	16,140	1,500	87,640

Notes:

- a) Employee Tuition Assistance Program: Tuition funds made available to a maximum of \$350/year to all County government merit employees, non-merit employees (as of FY 80) and employees of States Attorney's Office excluding public safety personnel of the Departments of Police, Corrections/Rehabilitation and Fire/Rescue and the Sheriff's Office.
- b) Police Professional Advancement Program: Tuition funds made available a maximum of \$400/semester to law enforcement employees of the Departments of Police and Corrections/Rehabilitation and Sheriff's Office. The amount shown above represents only the County's contribution. Law enforcement personnel are also eligible for VA and LEAA educational assistance. Data from the University of Maryland which administers the LEAA's Law Enforcement Education Program indicates that an annual average of \$148,000 has been expended during the six academic years 1974 to 1979.
- c) Fire Science Program: Available to fire service employees of the Department of Fire/Rescue.
- d) Totals indicate tuition and books for FY 72, FY 73 and FY 74. Beginning in FY 75, the County no longer provided funds for text books.

Montgomery County

POLICE PRIVATE

EMPLOYMENT OPPORTUNITY

Acceptable Master's or Law Degree	\$10,968 - \$17,018
Acceptable Bachelor's Degree	\$10,445 - \$16,207
60 Acceptable Credit Hours	\$ 9,947 - \$15,435
30 Acceptable Credit Hours*	\$ 9,473 - \$14,700
15 Acceptable Credit Hours*	\$ 9,246 - \$14,350
High School Graduation	\$ 9,021 - \$14,000

Certain types of prior Military and/or Civilian Police experience may qualify an applicant for a higher entrance rate of pay.

THIS IS PROFESSIONAL POLICE WORK FOR THE INDIVIDUAL
INTERESTED IN A REWARDING CAREER IN LAW ENFORCEMENT

The Montgomery County Police Department is responsible for enforcing statutes, laws, and regulations designed to protect the life and property of the citizens of the County. A Police Private receives comprehensive training through a minimum three-month recruit training program to prepare him/her for his/her role of carrying out the responsibilities of the department and the opportunity to acquire college level training in the humanities of law enforcement.

The work involved contains a substantial element of personal risk and requires the use of sound independent judgment in emergency situations. The tactful conscientious performance of duties is carried out under little direct supervision.

Responsibilities may include patrolling a designated area in the County on a motorcycle or in a radio equipped car to preserve law and order, discovering and preventing the commission of crime, directing traffic at pedestrian crossings and street intersections, enforcing motor vehicle operation and parking regulations, and performing communication functions. Job assignments are determined by the Superintendent of Police.

A Police Private is also required to conduct preliminary investigations at the scene of a crime, administer first aid, gather evidence, obtain witnesses, make arrests, and testify as a witness in court.

Applicant must have a clear record; be a U.S. citizen, be a H.S. graduate or possess a High School Equivalency Certificate issued by the State of Maryland or one that meets the standards set by the Maryland State Board of Education; be not less than 20½ years of age and shall not have reached his/her 30th birthday as of his/her starting date; be at least 5'7" tall with weight proportionate to height, but not less than 145 pounds - 5'2" tall with weight no less than 115 pounds for Policewomen; have uncorrected vision of not less than 20/100 in each eye and 20/20 corrected vision with corrective safety glasses; be free from color blindness; and be in excellent physical condition.

*Contingent upon continued participation in the Police Professional Advancement Program

GENERAL INFORMATION AND INSTRUCTIONS ON REVERSE SIDE

GENERAL INFORMATION AND INSTRUCTIONS

APPLICANT PROCEDURE: Application blanks may be obtained from the Personnel Office, County Office Building, 100 South Perry Street, Room 330, Rockville, Maryland 20850. Application blanks are also available at the County Police Stations, County Libraries, and at other County facilities. Completed applications should be submitted directly to the Personnel Office.

All applicants who have any medical disability or defect whatsoever must submit with their application all medical documents or reports relative to such medical disability or defect. Failure to do so may result in a delay in the processing of the application.

EXAMINATIONS: Examinations will consist of: an evaluation and rating of an applicant's educational and experience background; written examination; thorough character investigation; a series of interviews, a rigorous and comprehensive medical examination; a physical agility test; a psychiatric examination; a review and evaluation of military service records (with applicant's authorization); and any other examination process deemed necessary by the Chief Administrative Officer, including a polygraph examination.

ELIGIBLE LISTS: Eligible lists will be established and a rating assigned to each applicant by the Chief Administrative Officer based upon the examination (mental and physical), investigation, and interview results.

PROBATIONARY PERIOD: Applicants appointed to this position are required to serve a probationary period of one year and must pass an end-of-probationary period physical which includes a weight check.

Each member of the Police Department is required to maintain a telephone at his residence which must be within Montgomery County, Maryland.

For additional information, contact the Employment Division of the Personnel Office in writing or by phone (301) 279-1271.

EXCELLENT FRINGE BENEFITS

Montgomery County provides its Police Officers with liberal fringe benefits which include:

Recruit Training Program (13 weeks)	Periodic Medical Examinations
Police Professional Advancement Program	Workmen's Compensation Insurance Coverage
(College Courses)	Hospitalization Plan
In-Service Training in Technical Police Subjs.	Surgical Plan
Holidays (10 to 11 days per year)	Dental Insurance
Annual Leave (15 to 26 days per year)	Life Insurance
Sick Leave (13 work days per year)	Medical Catastrophe Benefits
Military Leave for Training Purposes	Liberal Retirement Plan
Professional Improvement Leave	Longevity Pay Plan

Additional fringe benefits accorded to employees in this position are the complete furnishing and maintenance of all uniforms and equipment; including laundry, dry cleaning, and shoe repair.

"AN EQUAL OPPORTUNITY EMPLOYER"

