

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee

FROM:  Justina Ferber, Legislative Analyst

SUBJECT: **Worksession: FY15 Operating Budget
 Office of Human Resources (General Fund, Excluding Compensation)**

Those expected for this worksession:

- Joseph Adler, Director, Office of Human Resources (OHR)
- Kaye Beckley, Manager, Business Operations and Performance Division, OHR
- Jennifer Shovlin, Budget Manager, OHR
- Corey Orlosky, Management and Budget Specialist, OMB

The Executive's recommendation for the Office of Human Resources (OHR) budget is attached at ©1-7.

Overview

This packet addresses the general fund portion of OHR's budget. Compensation and benefits, including the Employee Health Benefit Self-Insurance Fund, are addressed by the Council Staff Director in a separate packet. The Executive's recommended budget for the General Fund portion of the OHR budget is \$7,738,639 a 1.1% increase over the approved FY14 budget of \$7,656,440.

	FY12 Actual	FY13 Actual	FY14 Approved	FY15 CE Recommended	% Change FY14-FY15
Expenditures:					
General Fund	\$6,049,017	\$7,229,711	\$7,656,440	\$7,738,639	1.1%
Positions:					
Full-time	70	68	68	70	2.9%
Part-time	6	6	6	6	0.0%
TOTAL Positions	76	74	74	76	2.7%
FTEs	36.4	44.3	46.25	45.60	-1.4%

Accomplishments and initiatives for OHR are listed in the budget on ©1-2.

Expenditure Changes

The County Executive's recommendation for the FY15 OHR General Fund budget is an increase of \$82,199 from FY14. The increase is related to the following changes:

Changes with No Service Impacts (General Fund)		
FY15 Compensation Adjustment	\$216,774;	0 FTE
Retirement Adjustment Increase	\$14,113;	0 FTE
Group Insurance Adjustment Cost Increase	\$8,731;	0 FTE
Printing and Mail Cost Increase (Directors Office)	\$2,821;	0 FTE
Cost of Disability Employment Project SEARCH Interns moved to depts	-\$75,000;	0 FTE
Annualization of FY14 Personnel Costs	-\$85,240;	-0.65 FTE

Budget changes listed above are discussed in the packet by departmental division:

FY15 Expenditure Issues by Division

DIRECTOR'S OFFICE: Responsible for human resources policy development and planning, administration of human resources programs and customer service.

Changes in this division relate to increased compensation and benefits, minor departmental adjustments and increase in printing costs.

Director's Office	
FY15 Expenditures \$1,093,517	FY15 6.40 FTEs
FY14 Expenditures \$1,091,760	FY14 6.65 FTEs
\$2,821	Printing and Mail Cost Increase
-\$1,064; -0.25 FTEs	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

BUSINESS OPERATIONS AND PERFORMANCE: Comprised of the Classification, Compensation, Records Management, and Administration teams to ensure employees are appropriately classified and compensated and records are managed.

The increase in operating expenses for this Division is for compensation, benefits and minor staffing adjustments.

Business Operations and Performance	
FY15 Expenditures \$1,776,325	FY15 16.50 FTEs
FY14 Expenditures \$1,555,125	FY14 15.85 FTEs
\$221,200; 0.65 FTEs	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Classification Studies: OHR is performing 50 individual position and five occupational class studies for employees affiliated with MCGEO in FY14 and seven occupational classification

studies for employees affiliated with MCGEO in FY15. The studies will be conducted by OHR staff or contractors. Operating funds of \$100,000 are included in the OHR budget in FY14 and FY15 for contractor studies. Twenty individual position studies for non-represented employees are in process or scheduled.

MLS Annual Report: The Council received the annual report on the Management Leadership Service see ©8. The report is divided into three parts: Part I – Turnover and Appointments; Part II – Demographics; and Part III – Analysis of Performance-Based Pay. Key findings are on page 1 of the report at ©10.

Gainsharing/Rewarding Excellence Program: The Rewarding Excellence Award Program (REAP) currently has four teams operating in three Departments of Montgomery County Government. In the Department of General Services, there is one team in Facilities Management and one team in Fleet Management. Both of these teams have successfully implemented their proposals in the past year and received bonus checks accordingly. The Facilities Management team is about to submit their next proposal through the approval process. The Fleet Management team has been working to come up with their next proposal.

In the Department of Transportation, Division of Traffic Engineering and Operation, there is one team and they have just finished their implementation period for their approved proposal “Recovery of Costs for Damaged Signal Equipment”. The Office of Human Resources is in the process of documenting the savings achieved.

In the Department of Environmental Protection, there are two active teams – one in the Division of Watershed Management and one in Solid Waste. The Solid Waste team is in the process of finalizing their data for final approval to begin their pilot program. The Watershed Management team will regroup and begin to work on their next idea.

OHR is currently looking at expanding the Program into the Police Department (non-uniform), Parking Management in the Division of Transportation Management and the Department of Permitting Services.

Total savings for the Rewarding Excellence Award Program for the documented measurement period of one year has been approximately \$654,000.

CHANGE MANAGEMENT, TRAINING, AND ORGANIZATIONAL DEVELOPMENT:

Administers a centralized workforce development and change management program that recognizes employee’s contributions, develops leadership competencies and facilitates professional and personal development and improved organizational effectiveness.

Changes in this division relate to compensation and benefits and minor adjustments.

Change Management, Training, and Organizational Development	
FY15 Expenditures \$1,027,610	FY15 5.05 FTEs
FY14 Expenditures \$995,164	FY14 5.05 FTEs
-\$32,446; 0 FTE	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Tuition Assistance: Operating funds of \$435,000 are budgeted for employee tuition assistance for FY15; the same as budgeted for FY14. The breakdown is a little different due to MCGEO's FY14 bargaining agreement to earmark 50% of tuition assistance funding (not designated for FOP members) for MCGEO members.

Tuition Assistance FY15

\$135,000 FOP
 \$150,000 MCGEO
\$150,000 Non-represented, Volunteer Firefighters, IAFF
 \$435,000 Total

OHR will provide a complete report on the use of tuition assistance in FY14 by August 1, 2014. The report will identify courses taken using tuition assistance. This report will include participant's job title, major, degree, school, course title, and course description. Additionally, FY14 tuition assistance program data is currently available on DataMontgomery (<https://data.montgomerycountymd.gov/>) and will include all year-to-date approved and paid applications.

SELECTION AND RECRUITMENT: Responsible for recruiting and hiring of permanent and temporary employees and orientation for new employees.

Changes in this division relate to increased compensation and benefits, minor departmental adjustments and the move of funding to the departments for interns for the disability hiring program.

Selection and Recruitment	
FY15 Expenditures \$1,259,855	FY15 10.40 FTEs
FY14 Expenditures \$1,366,229	FY14 10.40 FTEs
-\$75,000; 0.0 FTE	Move Disability Employment funding for Project SEARCH Interns to Departments
-\$31,374; 1.0 FTE	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Disability Employment Program: The new Disability Employment Initiative was added to this division in FY14. A report on the Disability Employment Initiative is attached at ©22. The County utilized an existing position to manage and administer the disability employment program. Operating funds of \$150,000 are included in the OHR FY15 budget for the costs associated with the program.

The report on the Disability Employment Program notes that OHR is working on the following initiatives:

- Noncompetitive hiring process for Persons with Disabilities
- Hiring Preference Process for Persons with Disabilities
- Hiring Preference Process for Veterans and Veterans with Disabilities
- Intern Program for Persons with Disabilities

To date the program has hired 9 employees through the non-competitive hiring process, 80 veterans, 2 veterans with disabilities and 6 people with disabilities. Page 2 of the report describes the various ways people are notified about the disabilities hiring program.

LABOR AND EMPLOYEE RELATIONS: Negotiates collective bargaining agreements on behalf of the County Executive and provides early intervention strategies in workplace disputes. Provides assistance, guidance and training to employees and managers concerning equal employment and diversity.

The increase in operating expenses for this division is for compensation, benefits.

Labor and Employee Relations	
FY15 Expenditures \$1,617,120	FY15 10 FTEs
FY14 Expenditures \$1,557,040	FY14 10 FTEs
\$60,080; 0 FTE	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Conflict Facilitation Process (CFP): The CFP is a new collaborative program for MCGEO bargaining unit employees that addresses conflict between bargaining unit employees and their supervisors. The County and the Union have each designated Facilitators who have been trained by the Federal Mediation and Conciliation Service (FMCS). The Facilitators act in teams of two (one each from the County and Union) as neutrals, not as advocates, and work to facilitate/mediate the parties to a resolution of the conflict.

HEALTH AND EMPLOYEE WELFARE: Manages the County group insurance and retirement benefit programs and the County's employee health and welfare programs including occupational medical services.

Changes in operating expenses for this Division are due to increases in claim costs, compensation, benefits and staffing adjustments.

Health and Employee Welfare	
FY15 Expenditures \$205,217,181	FY15 18.10 FTEs
FY14 Expenditures \$199,781,722	FY14 18.55 FTEs
\$5,425,602; 0.0 FTE	Increased cost in claims and administration
\$9,857; -0.45 FTE	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Two issues, the Employee Wellness Initiative and the Health Data Study, will have been reviewed by the joint Health and Human Services and Government Operations and Fiscal Policy Committee prior to this worksession.

OTHER ISSUES

Personnel Regulations: The Montgomery County Personnel Regulations were to expire on January 5, 2014 and have now been extended to March 1, 2015. OHR is conducting an extensive review of the current regulations.

Teleworking: During FY14 budget deliberations, the Committee received an update on the County's telework program and was advised that OHR would be working with County unions in a Labor/Management Relations Committee.

The Joint County/MCGEO Committee on Telework is completing its recommendation to the County for a pilot telework program to occur in 3-4 departments for a six-month period beginning in late spring. The pilot will include a policy on telework as well as standards for employee/position/job class eligibility/appropriateness to telework, procedures, telework rules and expectations, and training for employees and supervisors on successful teleworking.

The Council introduced Bill 12-14, Personnel – Telecommuting – Amendments, which would require the County Executive to adopt a regulation to identify the circumstances under which a County employee may telework and establish procedures that a County employee must follow to obtain permission to telework. A public hearing was held on February 11 and the T&E Committee held a worksession on February 26 and action is scheduled by the Council on April 22. The fiscal impact statement is attached at ©24. It is estimated that an appropriation of \$150,600 would be needed to implement the teleworking legislation.

STAFF RECOMMENDATION ON OHR BUDGET

- **Council staff recommends approval of the OHR recommended FY15 general fund budget for \$7,738,639 as submitted by the Executive.**

This Packet Contains:

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Human Resources

MISSION STATEMENT

To provide a proactive and responsive human resources program that attracts, develops, and retains a diverse, high-performing, and well-qualified workforce.

BUDGET OVERVIEW

The total recommended FY15 Operating Budget for the Office of Human Resources is \$211,991,608, an increase of \$5,644,568 or 2.7 percent from the FY14 Approved Budget of \$206,347,040. Personnel Costs comprise 3.4 percent of the budget for 70 full-time positions and six part-time positions, and a total of 66.45 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 96.6 percent of the FY15 budget.

The Office of Human Resources Budget is comprised of a General Fund component of \$7,738,639 and a Employee Health Benefit Self Insurance Fund component of \$204,241,754.

LINKAGE TO COUNTY RESULT AREAS

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

- ❖ **A Responsive, Accountable County Government**

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY14 estimates reflect funding based on the FY14 approved budget. The FY15 and FY16 figures are performance targets based on the FY15 recommended budget and funding for comparable service levels in FY16.

Measure	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Multi-Program Measures					
Average customer satisfaction rating on the yearly internal customer survey of County managers ¹	2.78	3.00	3.00	3.00	3.00
Percentage of grievances resolved before reaching third party neutral	85	94	90	90	90

¹ The satisfaction scale ranges from low (1) to high (4).

ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Awarded \$20,000 Innovation Grant for Disability Employment Initiatives to be used towards marketing and outreach.**
- ❖ **Received two prestigious awards from Local Government Personnel Association (LGPA) in the category of "Best and the Brightest Team" and from National Association of Counties (NACO) in the category of "County Administration and Management" for OHR's Rewarding Excellence program.**
- ❖ **Received Public Sector Employer of Year Award by Maryland Works.**
- ❖ **Implemented new Conflict Facilitation Process (CFP) for MCGEO bargaining unit.**
- ❖ **Negotiated new collective bargaining agreement with Montgomery County Volunteer Fire and Rescue Association (MCVFRA).**
- ❖ **Created a Health Insurance Customer Care Center, where customers can receive private counseling and protected health information, located in a secure, separate area of OHR.**
- ❖ **Implemented noncompetitive hiring process for people with disabilities in June 2013 under Executive Regulation No. 1-13 and hired nine individuals into County merit positions.**

- ❖ **Implemented the new Sick Leave Bank for MCGEO bargaining unit employees.**
- ❖ **Implemented a contract award for Data Warehousing, Wellness, and Disease Management, which provides additional resources and data aggregation for the County's Wellness program.**
- ❖ **Developing automated assessment tool to streamline and expedite job application rating process toward goal of decreasing time to fill positions.**
- ❖ **Currently working with County Attorney's Office to develop a background investigation process.**
- ❖ **Developing mandatory training program for job application raters.**
- ❖ **Productivity Improvements**
 - **OHR is leading five Rewarding Excellence/Gainsharing teams from the Department of Environmental Protection, the Department of General Services, and the Department of Transportation. These teams have generated and implemented proposals that produce savings of approximately \$654,000 per year.**
 - **The online Open Enrollment system is now available for all County employees, retirees, and participating agency employees, which allows for 24/7 instant access to make elections and receive immediate confirmation of health insurance elections and premiums.**

PROGRAM CONTACTS

Contact Jennifer Shovlin of the Office of Human Resources at 240.777.5039 or Corey Orlosky of the Office of Management and Budget at 240.777.2762 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Director's Office

The Director's Office is responsible for human resources policy development and planning; the administration of human resources programs; ensuring the integrity of the merit system; and directing the design and implementation of new initiatives to better serve customers and improve organizational performance. The team also provides direct customer service at the main reception area. The Information Technology team provides management and oversight to the Department's information technology initiatives.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	1,091,760	6.65
Increase Cost: Printing and Mail	2,821	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-1,064	-0.25
FY15 CE Recommended	1,093,517	6.40

Business Operations and Performance

The Business Operations and Performance division is comprised of the Classification and Compensation, Records Management, Workforce Performance, and Administration teams. The Classification and Compensation team reviews and evaluates the duties and responsibilities of individual positions and occupational classes in response to employee, department, and union requests in order to assure that positions are correctly assigned at comparable grade levels. This program also ensures that employees are accurately and appropriately compensated through technical analysis and equitable application of compensation systems and procedures. The team designs compensation plans and provides leadership to departments on performance-based pay. The Classification and Compensation team is also responsible for oversight and administration of the County's policies on compensation.

Workforce performance consists of the Rewarding Excellence and Performance Management team. Rewarding Excellence is a process that encourages mentors, coaches, and front-line employees to work together as a team for the betterment of Montgomery County Government. Teams develop and implement recommendations for improvement. When cost savings are realized, employees receive a portion of the cost savings in the form of a bonus. Performance management is a continuous process, which includes creating performance appraisals, observing and documenting performance and behavior, providing feedback, coaching and mentoring, and finally, evaluating employees. In addition to personal accomplishments and gratification, an employee's achievement of his/her performance management goals may result in pay-for-performance rewards. OHR facilitates these performance management processes through customer service, training, forms, and information technology system, Workforce Performance Management. The ultimate goal is to help employees and supervisors achieve Montgomery County's overall vision of efficient, effective, innovative, and responsive delivery of quality services. In addition, this team facilitates the creation and management of tactical and strategic metrics in OHR.

The Records Management team is responsible for establishing and maintaining personnel records that are required by law and/or necessary for the administration of the merit system. The team enters data for the position into Enterprise Resource Planning (ERP) Human Resources System and other ERP systems, so that an employee's paycheck can be generated. The Administration team provides management and oversight to office procurements and contracts, budget preparation and administration, and financial management of the employee health benefits. The team also remits payments to benefit program carriers and third party administrators, approves invoices, and remits bills to employees and retirees as necessary.

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
FY14 Approved	1,555,125	15.85
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	221,200	0.65
FY15 CE Recommended	1,776,325	16.50

Change Management, Training, and Organizational Development

The team promotes collaboration, competence, and organizational effectiveness through leadership, workforce development, succession planning, and change management. The goal of the team is to ensure an organizational framework that is designed to lead Countywide change efforts for improved organizational effectiveness and strategic intervention. The team leads and facilitates a strategic business effort to align training/organizational development, organizational effectiveness, and change management with the County's objectives and desired outcomes. The team designs short and long term business strategies to create required professional competencies, organizational performance and effectiveness, and champions organizational change efforts to support the County's objectives. The team establishes strong and credible relationships with management and employees to successfully build trust, collaboration, and integrity.

<i>Program Performance Measures</i>	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Customer satisfaction with training: Percentage who found training helpful to job	92	92	92	92	92

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
FY14 Approved	995,164	5.05
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	32,446	0.00
FY15 CE Recommended	1,027,610	5.05

Selection and Recruitment

The Recruitment and Selection team is responsible for attracting, hiring, promoting and retaining candidates for County departments and agencies resulting in a highly skilled, competent, and diverse workforce. The team engages in a wide variety of outreach activities designed to ensure quality and diversity in the candidate population such as providing recruitment planning, guidance and advisory services to departments and agencies on selection and hiring, conducts new employee orientation, administers reductions-in-force, designs and administers public safety promotional examinations and other employment tests, administers the County's internship, fellowship and volunteer programs, administers and manages the County's Disability Employment Initiative, and provides Selection Guidelines Training on Interviewing and Selecting Employees.

<i>Program Performance Measures</i>	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Average number of days to fill a vacant County position	84	90	84	84	84
Average satisfaction of departments with pools of candidates for positions, based on a survey of hiring managers ¹	4.45	4.51	4.45	4.45	4.45

¹ The satisfaction scale ranges from low (1) to high (5).

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
FY14 Approved	1,366,229	10.40
Decrease Cost: Disability Employment Initiative - Funding for Project SEARCH Interns included in Department Budgets	-75,000	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-31,374	0.00
FY15 CE Recommended	1,259,855	10.40

Labor and Employee Relations

Employee Relations consists of two teams: Labor and Employee Relations and Equal Employment Opportunity and Diversity Management.

The Labor and Employee Relations team is designed to support County managers in the areas of collective bargaining and related personnel policies and procedures by negotiating competitive compensation and benefits. The Labor and Employee Relations team participates in collective bargaining, provides early intervention strategies for workplace disputes to ensure that managers comply with contractual and legal requirements, and improves employee labor relations.

The Equal Employment Opportunity (EEO) and Diversity Management team provides assistance, guidance, and training to employees and managers concerning equal employment and diversity management to promote a discrimination free workplace that values diversity. The team also investigates complaints of harassment and discrimination by and against employees. The team is responsible for the production of the annual EEO and Diversity Action Plan and maintaining compliance with other Federal EEO-related reporting requirements and statistical analysis.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	1,557,040	10.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	60,080	0.00
FY15 CE Recommended	1,617,120	10.00

OHR Health and Employee Welfare Division

The Health Insurance Team manages and administers the County's health and welfare plans in accordance with County policy and local, state and federal laws. In addition to maintaining operations associated with annual Open Enrollment and program eligibility, the team provides customer service, communications, education, and counseling to County employees, participating County agency employees, and retirees in a manner that ensures an understanding of program provisions and their value as part of total compensation.

The Wellness Program coordinates wellness activities such as health screenings, educational seminars, health education classes, employee incentive programs and contests through communication channels such as web, social media, and a monthly newsletter. The Program uses a dynamic, comprehensive data driven strategy to promote employee health and wellness.

The Occupational Medical Services Team (OMS) provides multi-disciplinary occupational medical services such as work-related medical and safety hazard assessments to promote the health, wellness, and productivity of the County workforce. OMS also administers the County's drug and alcohol and centralized Family and Medical Leave programs.

The Stress Management team promotes the emotional, mental, and physical well-being of Montgomery County Police Department employees and their family members through counseling, training, consultation services, and peer support.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	199,781,722	18.55
Increase Cost: Adjustment to Insurance Claims and Administration	5,425,602	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	9,857	-0.45
FY15 CE Recommended	205,217,181	18.10

BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,918,132	3,644,122	4,192,757	3,786,238	3.9%
Employee Benefits	1,122,486	1,134,529	1,273,028	1,236,791	9.0%
County General Fund Personnel Costs	5,040,618	4,778,651	5,465,785	5,023,029	5.1%
Operating Expenses	2,189,093	2,877,789	2,541,682	2,715,610	-5.6%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	7,229,711	7,656,440	8,007,467	7,738,639	1.1%
PERSONNEL					
Full-Time	68	68	68	70	2.9%
Part-Time	6	6	6	6	—
FTEs	44.30	46.25	46.25	45.60	-1.4%
REVENUES					
Investment Income	3,820	0	0	0	—
County General Fund Revenues	3,820	0	0	0	—
EMPLOYEE HEALTH BENEFIT SELF INSURANCE FUND					
EXPENDITURES					
Salaries and Wages	1,348,438	1,552,471	1,318,229	1,658,928	6.9%
Employee Benefits	335,911	461,563	364,411	491,873	6.6%
Employee Health Benefit Self Insurance Fund Pers. Costs	1,684,349	2,014,034	1,682,640	2,150,801	6.8%
Operating Expenses	179,742,021	196,676,566	185,044,490	202,102,168	2.8%
Capital Outlay	0	0	0	0	—
Employee Health Benefit Self Insurance Fund Exp.	181,426,370	198,690,600	186,727,130	204,252,969	2.8%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	16.15	20.25	20.25	20.85	3.0%
REVENUES					
Investment Income	10,802	0	0	0	—
Medicaid/Medicare Reimbursement	2,084,873	0	0	0	—
Self Insurance Employee Health Income	10,461,671	192,432,260	187,172,672	194,269,903	1.0%
Other Charges/Fees	3,544,028	0	0	0	—
Employee Health Benefit Self Insurance Fund Revenues	16,101,374	192,432,260	187,172,672	194,269,903	1.0%
DEPARTMENT TOTALS					
Total Expenditures	188,656,081	206,347,040	194,734,597	211,991,608	2.7%
Total Full-Time Positions	68	68	68	70	2.9%
Total Part-Time Positions	6	6	6	6	—
Total FTEs	60.45	66.50	66.50	66.45	-0.1%
Total Revenues	16,105,194	192,432,260	187,172,672	194,269,903	1.0%

FY15 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY14 ORIGINAL APPROPRIATION	7,656,440	46.25
Other Adjustments (with no service impacts)		
Increase Cost: FY15 Compensation Adjustment	216,774	0.00
Increase Cost: Retirement Adjustment	14,113	0.00
Increase Cost: Group Insurance Adjustment	8,731	0.00
Increase Cost: Printing and Mail [Director's Office]	2,821	0.00
Decrease Cost: Disability Employment Initiative - Funding for Project SEARCH Interns included in Department Budgets [Selection and Recruitment]	-75,000	0.00
Decrease Cost: Annualization of FY14 Personnel Costs	-85,240	-0.65
FY15 RECOMMENDED:	7,738,639	45.60

	Expenditures	FTEs
EMPLOYEE HEALTH BENEFIT SELF INSURANCE FUND		
FY14 ORIGINAL APPROPRIATION	198,690,600	20.25
Other Adjustments (with no service impacts)		
Increase Cost: Adjustment to Insurance Claims and Administration [OHR Health and Employee Welfare Division]	5,425,602	0.00
Increase Cost: FY15 Compensation Adjustment	74,116	0.00
Increase Cost: Annualization of FY14 Personnel Costs	56,948	0.60
Increase Cost: Group Insurance Adjustment	3,857	0.00
Increase Cost: Retirement Adjustment	1,846	0.00
FY15 RECOMMENDED:	204,252,969	20.85

PROGRAM SUMMARY

Program Name	FY14 Approved		FY15 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Director's Office	1,091,760	6.65	1,093,517	6.40
Business Operations and Performance	1,555,125	15.85	1,776,325	16.50
Change Management, Training, and Organizational Development	995,164	5.05	1,027,610	5.05
Selection and Recruitment	1,366,229	10.40	1,259,855	10.40
Labor and Employee Relations	1,557,040	10.00	1,617,120	10.00
OHR Health and Employee Welfare Division	199,781,722	18.55	205,217,181	18.10
Total	206,347,040	66.50	211,991,608	66.45

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY14		FY15	
		Total\$	FTEs	Total\$	FTEs
COUNTY GENERAL FUND					
CIP	CIP	910,326	6.95	870,657	6.95
Fire and Rescue Service	Fire	1,293,260	0.00	1,293,260	0.00
NDA - Mont. County Employee Retirement Plans	Employee Retirement System	62,913	0.50	91,995	0.65
NDA - Mont. County Employee Retirement Plans	Retirement Savings Plan	27,063	0.25	29,191	0.25
Police	County General Fund	252,741	2.00	266,081	2.00
Total		2,546,303	9.70	2,551,184	9.85

FUTURE FISCAL IMPACTS

Title	CE REC.			(\$000's)		
	FY15	FY16	FY17	FY18	FY19	FY20
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY15 Recommended	7,739	7,739	7,739	7,739	7,739	7,739
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	51	51	51	51	51
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Labor Contracts - Other	0	-105	-105	-105	-105	-105
These figures represent other negotiated items included in the labor agreements.						
Subtotal Expenditures	7,739	7,685	7,685	7,685	7,685	7,685
EMPLOYEE HEALTH BENEFIT SELF INSURANCE FUND						
Expenditures						
FY15 Recommended	204,253	204,253	204,253	204,253	204,253	204,253
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	17	17	17	17	17
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Labor Contracts - Other	0	-2	-2	-2	-2	-2
These figures represent other negotiated items included in the labor agreements.						

Title	CE REC.	(5000's)				
	FY15	FY16	FY17	FY18	FY19	FY20
Subtotal Expenditures	204,253	204,268	204,268	204,268	204,268	204,268

Management Leadership Service

Eleventh Annual Report

January 2014



Prepared by
Office of Human Resources
Classification and Compensation
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MANAGEMENT LEADERSHIP SERVICE

OVERVIEW

The Management Leadership Service (MLS) is now completing its fifteenth year and has been successful in providing the county with an integrated classification, training, and performance management system. The internal management capabilities of the County have been enhanced by the MLS program. In addition, the MLS program has also created a culture that recognizes high performance, by linking performance and pay.

The Office of Human Resources (OHR) has completed its eleventh annual analysis of performance-based pay as required by Section 10-10(c), Montgomery County Personnel Regulations. This report on the FY2013 participants in performance-based pay is divided into three main areas:

- Part I - Turnover and Appointments
- Part II – Demographics
- Part III - Analysis of performance-based pay

Wherever possible, multi-year comparisons were made. Key findings include:

- Females comprise 47% of the MLS compared to 42% in the County-wide workforce (see Table 1).
- The ethnic composition of the MLS reflects the County workforce plus or minus 5 percentage points. However, African Americans are underrepresented in the MLS by 9 percentage points (see Table 1).
- The overall distribution of performance ratings changed significantly in FY2013 from FY2008 and FY2007, especially among the Exceptional and Highly Successful rating categories (see Chart 2). The addition of a fifth rating category in FY2009 (Below Expectations) was likely behind the change.
- The distribution of performance ratings among men and women was favorable in FY2013. Males and females were within 4 percentage points or less in all categories (see Chart 3).
- Historically, African Americans have received a far smaller percentage of their respective ratings in the Exceptional category than their White counterparts and those classified as Other (see Chart 8). This trend continued in FY2013 (see Chart 7). Was this fact stated in the last MLS report?
- In FY2013, there was a fixed across the board MLS performance-based award of 2%. The average performance-based award paid in FY2014 (based on FY2013 performance ratings) was 3.85%, compared to 1.26% in FY2008 due to budgetary constraints. However, performance-based pay has been trending downward over time (see Chart 11).
- The total cost for Performance-Based Pay Awards paid in FY2014 for FY2013 including benefits was \$1,596,571.48.

PART I – TURNOVER AND APPOINTMENTS

A. Turnover

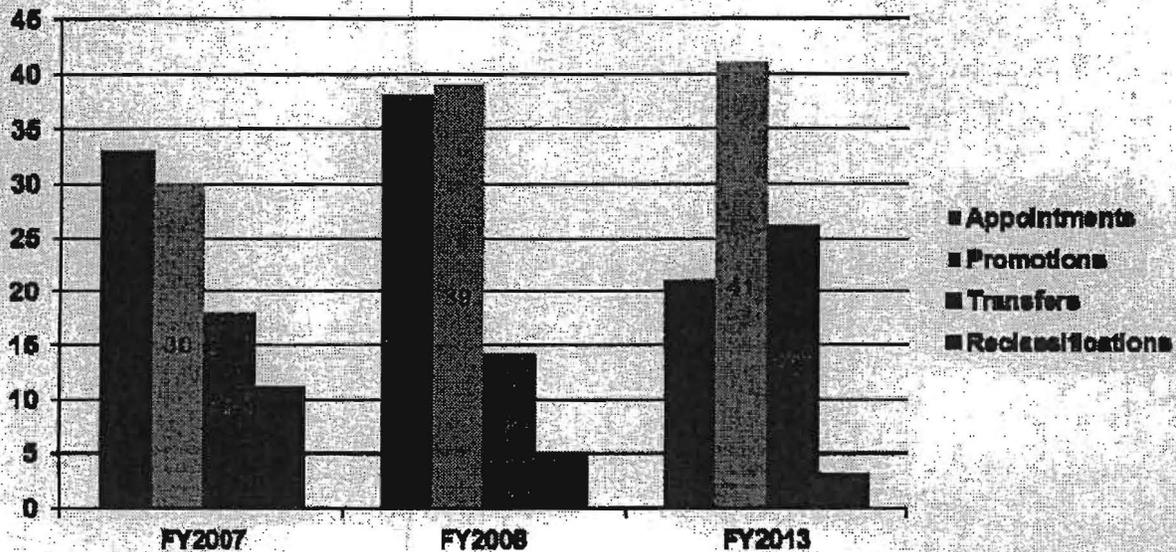
During FY2013, the MLS turnover rate was 7% (23 out of 347). This is a decline from the FY2008 rate of 9% and the FY2007 rate of 10%. MLS employees left County service in FY2013 because of normal retirement (17), early retirement (2), personal reasons (1) non-service connected disability (1) and death (2).

B. Appointments

MLS employees newly hired from outside the County (four in FY2013) must have been active employees at least six months prior to June 30, 2013 to be eligible for performance-based pay. Likewise, promotions of merit County employees (five in FY2013) to the MLS must have been effective by June 30, 2013 to be eligible for performance-based pay.

The number of MLS appointments in FY2013 (9 female and 12 male) decreased from FY2007 and FY2008, while the number of promotions within the MLS continues to rise (21 female and 20 male). Transfers are also up from FY2007 and FY2008, and reclassifications continue to decline. Details over the past three fiscal years in which performance-based pay was analyzed are presented in Chart 1 below:

Chart 1. Appointments, Promotions, Transfers and Reclassifications, FY2007 – FY2008 & FY2013



PART II - DEMOGRAPHICS

The gender and ethnic composition of the MLS remains consistent with prior years. The gender distribution within the MLS differs from the County workforce by 5 percentage points. Females comprise a larger share of MLS positions than they do in the County workforce as a whole. With the exception of African Americans, the ethnic composition of the MLS reflects the County workforce plus or minus 5 percentage points. African Americans are underrepresented in the MLS by 9 percentage points compared to the County workforce. An increased representation of minorities in the MLS continues to be a goal for the County. Table 1 provides demographic data on the 347 MLS employees from the Executive and Legislative Branch who participated in performance-based pay.

Table 1. MLS Demographic Data by Position for FY2013

	Manager I		Manager II		Manager III		Total		County Workforce
	#	%	#	%	#	%	#	%	
Female	9	39%	45	44%	110	50%			
Male	14	61%	57	56%	112	50%			
Total	23	100%	102	100%	222	100%			
African American	2	9%	19	19%	40	18%			
Asian	2	9%	8	8%	16	7%			
Hispanic	1	4%	2	2%	10	5%			
Native American		0%	1	1%		0%		0%	
White	18	78%	73	72%	152	68%	243	70%	
Not Indicated		0%	1	1%	4	2%	5	1%	
Total	23	100%	102	100%	222	68%	347	100%	

PART III – PERFORMANCE-BASED PAY

A. Distribution of Performance Ratings

Overall Performance Rating Distribution

FY2013 saw significant changes in the distribution of performance ratings. Exceptional ratings declined by 7 percentage points from FY2008 and Highly Successful ratings increased by 11 percentage points from that year. Ratings of Successful remained relatively consistent, declining by just 3 percentage points from FY2008 to FY2013. The addition of the fifth rating category (Below Expectations added in FY2009) may be behind the drop in Exceptional ratings. The Highly Successful performance category continues to be the most frequently awarded rating since FY2007. This information is shown in Chart 2, and the distribution of performance ratings for FY2013 is contained in Table 2 below:

Chart 2. Overall Distribution of Performance Ratings, FY99 – FY08 & FY13

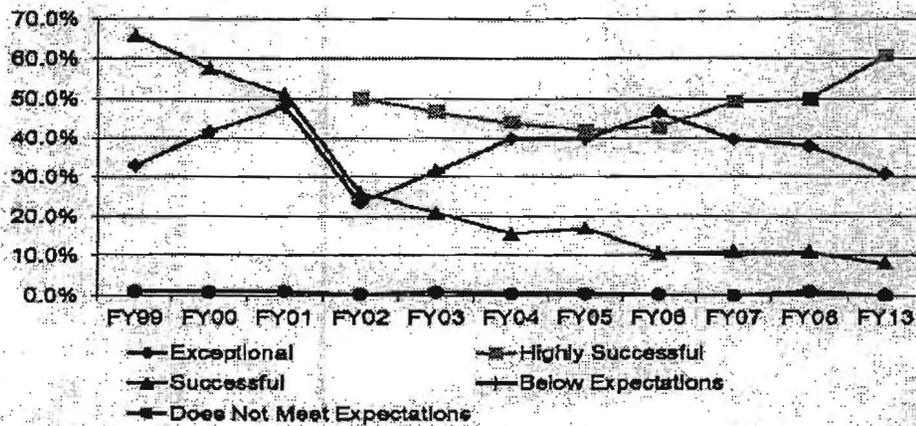


Table 2. Overall Distribution of Performance Ratings, FY13

Rating Category	Employee Performance Ratings (FY2013)	
	#	%
Exceptional	107	31%
Highly Successful	211	61%
Successful	28	8%
Below Expectations*	1	0%
Does Not Meet Expectations	0	0%
Total	347	100%

*Category added in FY2009

Performance Rating Distribution by Pay Band

Over the past three fiscal years included in this analysis (FY2007 – FY2008 and FY2013), the share of Exceptional ratings among each pay band has steadily declined. In general, recent historical trends suggest that MLS employees at the Manager I level are more likely to receive performance ratings of Exceptional than those at the Manager II and Manger III level. The share of Exceptional ratings awarded to MLS employees decreases moving down the pay band from Manager I to Manager III.

Table 3. Distribution of Performance Ratings by Pay Band, FY2007 – FY2008 & FY2013

MLS Position	Rating Category	FY2007	FY2008	FY2013
Manager I	Exceptional	67%	50%	61%
	Highly Successful	25%	50%	35%
	Successful	8%	0%	0%
	Below Expectations	Category Did Not Exist		0%
	Did Not Meet Expectations	0%	0%	0%
Manager II	Exceptional	48%	46%	41%
	Highly Successful	44%	42%	56%
	Successful	9%	10%	3%
	Below Expectations	Category Did Not Exist		0%
	Did Not Meet Expectations	0%	2%	0%
Manager III	Exceptional	33%	34%	29%
	Highly Successful	54%	53%	66%
	Successful	13%	12%	11%
	Below Expectations	Category Did Not Exist		0%
	Did Not Meet Expectations	0%	0%	0%

Performance Rating Distribution by Gender

In FY13, the distribution of performance ratings among males and females was favorable. Female MLS employees received 33% of their awards in the Exceptional rating category compared with 29% for males, and males within the MLS received more Highly Successful and Successful ratings than their female counterparts by 2 percentage points.

Chart 3. Distribution of FY2013 Performance Ratings by Gender

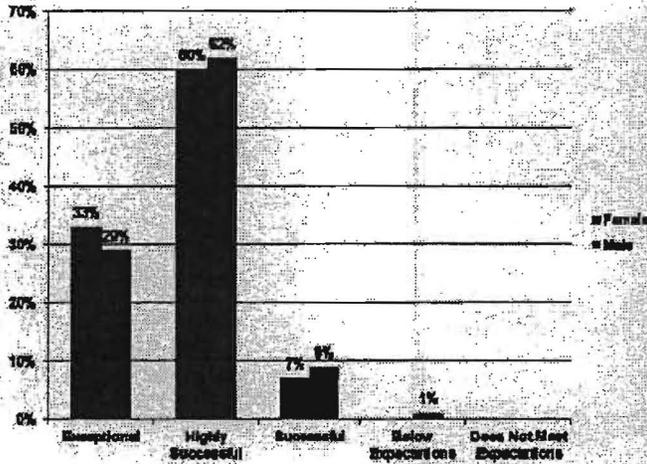


Table 4. Number of FY2013 Performance Ratings by Gender

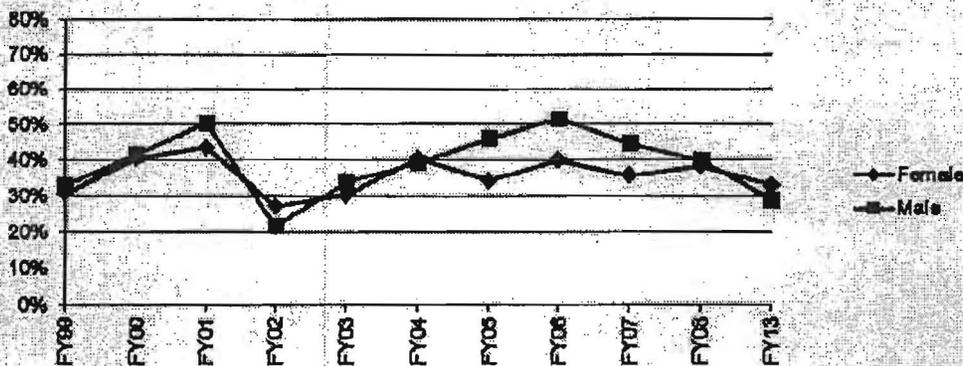
Rating Category	Female	Male
Exceptional	74	53
Highly Successful	98	119
Successful	12	16
Below Expectations*	0	1
Does Not Meet Expectations	0	0
Total	164	183
Percentage of MLS	47%	53%

*Category added in FY2009

The following section examines the historical distributions among male and females of Exceptional, Highly Successful, and Successful ratings, respectively. The rating category of Below Expectations is not included because it was not added until FY2009, and the rating category of Does Not Meet Expectations was not examined due to the infrequency in which it has been assigned to MLS employees.

In FY05 through FY07, male MLS employees received more exceptional ratings on average than females by over 10 percentage points. FY13 was the first year since FY04 where females received a larger share of Exceptional ratings, exhibited in Chart 4 below:

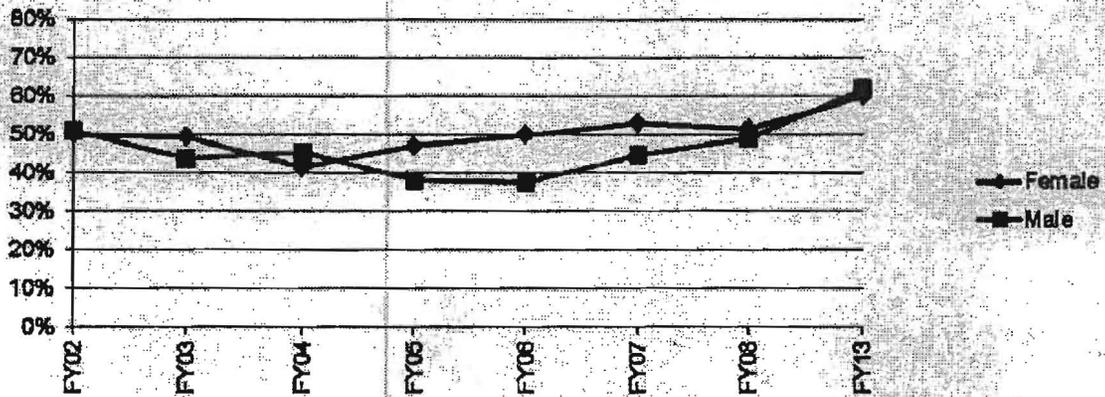
Chart 4. Exceptional Ratings by Gender, FY1999-FY2008 & FY2013



Historically, female MLS employees have received a larger share of their respective ratings in the Highly Successful category than their male counterparts. Between FY05 and FY07, females

received more of their ratings in this category than males by nearly 10 percentage points. This changed in FY13, with male MLS employees receiving 62% of their total awards in the Highly Successful category, compared to 60% for females. Chart 5 on page 7 highlights these trends.

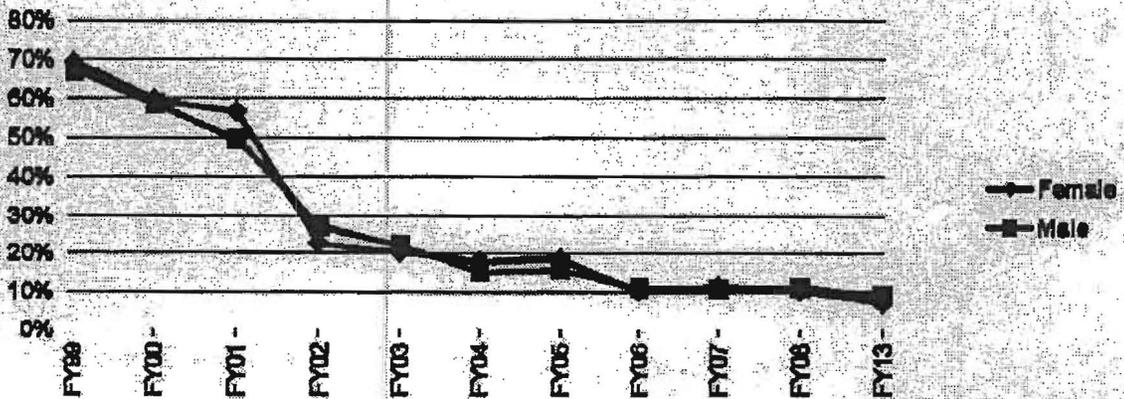
Chart 5. Highly Successful Ratings by Gender, FY2002-FY2008 & FY2013*



*Category added in FY2002

Ratings of Successful have been equitably distributed since FY99 as shown in Chart 6 below:

Chart 6. Successful Ratings by Gender, FY2002-FY2008 & FY2013



Performance Ratings by Ethnicity

In FY2013, Whites received more Exceptional ratings as a percentage of their total ratings than both African Americans and those classified as Other; this is consistent with historical trends in the MLS. The rating of Highly Successful was most frequently awarded and the difference in distribution among ethnicities differed by 4 percentage points at most.

Chart 7. Distribution of FY2013 Performance Ratings by Ethnicity

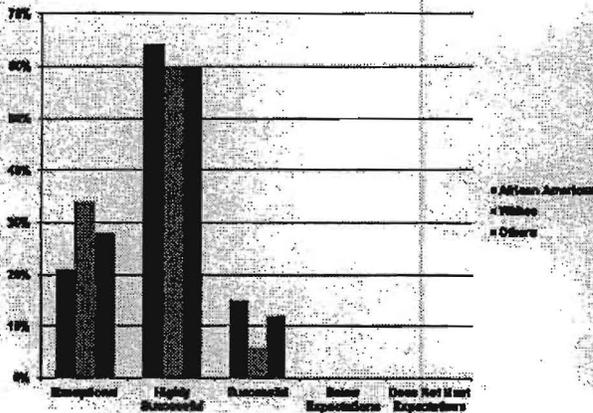


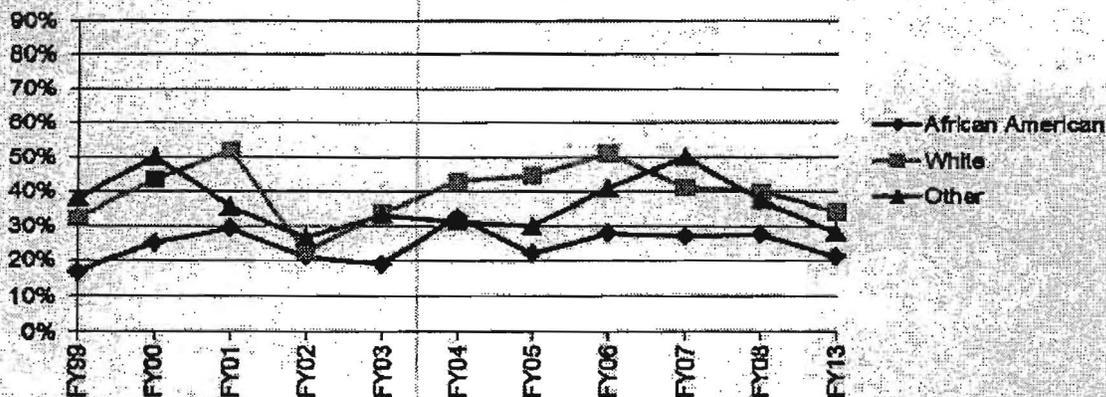
Table 5. Number of FY2013 Performance Ratings by Ethnicity

Rating Category	African American	White	Other
Exceptional	13	32	12
Highly Successful	39	146	26
Successful	0	14	5
Below Expectations*	0	1	0
Does Not Meet Expectations	0	0	0
Total	51	243	43
Percentage of MLS	11%	70%	12%

The following section examines the historical distributions among minorities of Exceptional, Highly Successful, and Successful ratings, respectively. The rating category of Below Expectations is not included because it was not added until FY2009, and the rating category of Does Not Meet Expectations was not examined due to the infrequency in which it has been assigned to MLS employees.

African American MLS employees have historically received a substantially smaller share of their performance ratings in the Exceptional category than MLS employees of other ethnicities. On average from FY99 to FY13—with the exclusion of FY10, FY11, and FY12—African Americans within the MLS received fewer Exceptional ratings as a percentage of their total ratings than White MLS employees and those categorized as Other by 15 percentage points and 12 percentage points, respectively. In FY13, these gaps decreased, as shown in Chart 8 below:

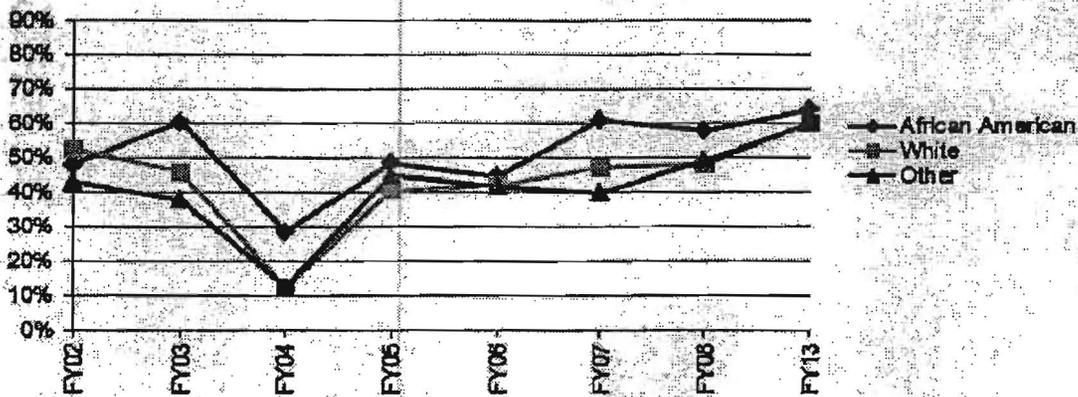
Chart 8. Exceptional Ratings by Ethnicity, FY1999-FY2008 & FY2013



African American MLS employees have generally received a larger share of their performance ratings in the Highly Successful category than MLS employees of other ethnicities. White MLS

employees and those classified as Other have historically received a similar share of their respective ratings in the Highly Successful category. In FY13, the gap between ethnicities receiving this rating has declined with all three ethnicity categories converging near 60%, as displayed in Chart 9 below:

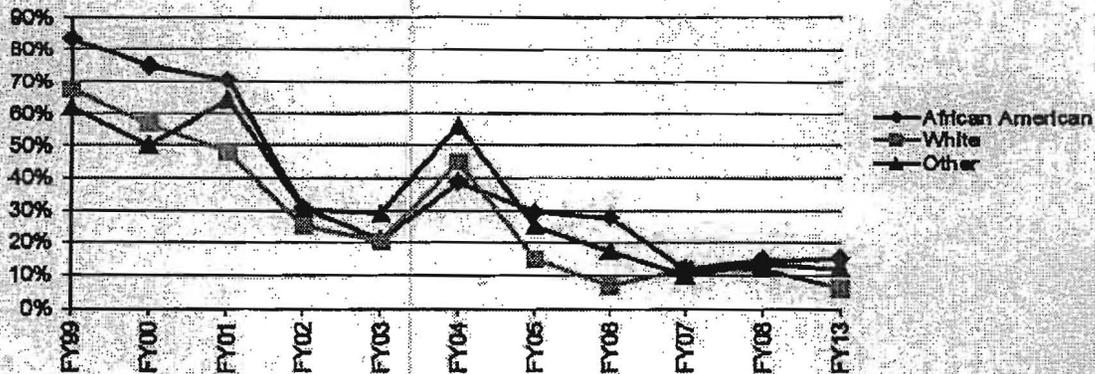
Chart 9. Highly Successful Ratings by Ethnicity, FY1999-FY2008 & FY2013*



*Category added in FY2002

In FY13, Whites had a smaller share of Successful ratings than African Americans by 9 percentage points and a smaller share than those in the Other category by 6 percentage points. Since FY02, the distribution of Successful ratings within in each ethnicity category has been relatively equitable, with the exception of FY05 and FY06 which saw differences of 15 percentage points and 2 percentage points, respectively, between the share of Successful ratings received by African Americans and Whites. This is shown in Chart 10 below.

Chart 10. Successful Ratings by Ethnicity, FY1999-FY2008 & FY2013



B. Performance Based Pay Awards

Table 6, shows the distribution of actual pay awards based on employee performance ratings and position in the salary range (below control point, above control point or at maximum). In FY2013, there was a fixed across the board MLS performance-based award of 2%. The average performance-based award paid in FY2014, based on FY2013 performance ratings, was 3.85%. By comparison, the average performance-based award was 1.26% in FY2008 due to budget constraints experienced by the County.

The total cost for Performance-Based Pay Awards paid in FY2014 for FY2013 including benefits is \$1,596,571.48. Of that amount \$1,502,307.36 (94%) was added to base personnel costs and \$94,264.12 (6%) was distributed as one-time lump sum cash awards. Total amounts include benefits costs.

The following table shows pay awards approved by the CAO for FY2013 and paid in FY2014. The performance-based pay awards were based on the allowable maximum awards outlined in the Montgomery County Personnel Regulations.

Table 6. Average Pay Award Based on Rating Category & Position in Salary Range

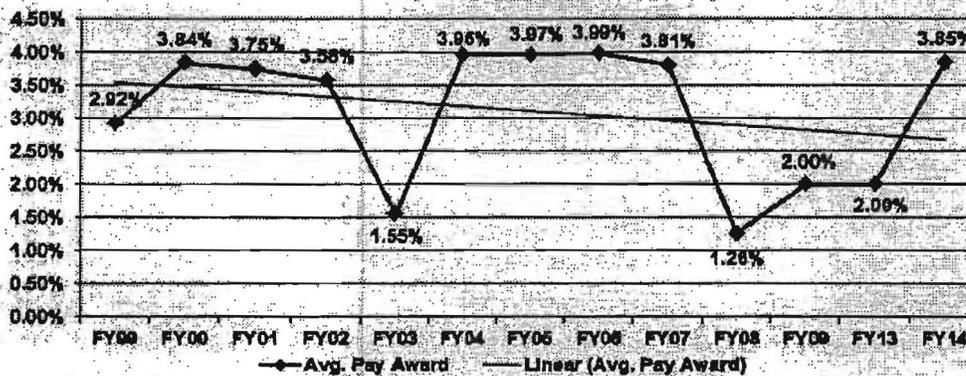
Rating Category	Position in Salary Range	Max Pay Award Permitted by Regulation	Number of Eligible Employees	Lump Sum Avg. (Avg. Percent & Award)	Addition to Base Avg. (Avg. Percent & Award)	Combined Avg. Pay Award (Avg. Percent & Award)
Excellent	Top of Pay Band*	4%	0	0%	0%	0%
	Control Point Or Above	4%	42	1.25% \$1,050.53	2.68% \$4,369.55	4% \$5,446.00
	Below Control Point	0%	0	0.07% \$1,688.50	5.6% \$8,347.04	0% \$8,096.30
Highly Qualified	Top of Pay Band*	3.5%	0	0%	0%	0%
	Control Point Or Above	3.5%	63	0.4% \$339.27	3% \$3,594.54	3.4% \$4,536.00
	Below Control Point	4%	146	0.4% \$2,582.30	3.5% \$4,160.75	4% \$6,743.00
Successful	Top of Pay Band	2%	0	0%	0%	0%
	Control Point Or Above	2%	5	2% \$1,231.10	0%	2% \$1,231.10
	Below Control Point	3.5%	23	0.7% \$1,272.12	2.5% \$2,400.50	3.5% \$3,373.00
Competent		0%	1		0%	0%
Developmental		0%	0		0%	0%

*Pay Band Maximum Increased in FY2014 by 6.75%

The chart below presents the average performance-based pay award as a percentage of salary by fiscal year from FY1999 to FY2009 and FY2013 to FY2014.

The average pay award trend has steadily declined from FY1999 to present. In FY2014, the pay award as a percentage of salary was increased by 1.85 percentage points from the previous year to 3.85%. This is consistent with the average pay award for years not affected by budgetary constraints. Details of the historical trend are presented in Chart 11.

Chart 11. Average Pay Award by Fiscal Year*



* FY2010 data is not currently available. In FY2011 and FY2012 there were no performance pay awards to MLS employees across the board due to continued budget constraints.

Policy and management decisions have impacted pay distribution for the MLS. Key changes include those listed in Table 7 below:

Table 7. Key Changes to MLS Performance-Based Pay Program

Fiscal Year	Change to MLS Performance-Based Pay
FY1999	Control point set at 80% of pay band
FY2000	Control point set at 90% of pay band; Pay band increased by 2%
FY2002	Size of MLS grew by more than 100% with addition of Manager III position; Fourth rating category added (Highly Successful)
FY2003	Performance awards capped due to budget limitations
FY2004	Top of pay band increased by 3.75
FY2008	Performance awards fixed and distributed as lump sum awards due to budget constraints
FY2009	Fifth rating category added (Below Expectations); MLS employees only awarded lump sum payouts of 2% for Exceptional and Highly Successful ratings while all other ratings received 0%
FY2010	MLS employees awarded 2% for Exceptional and Highly Successful ratings and 1% for Successful ratings
FY2011	No performance awards due to budget constraints
FY2012	No performance awards due to budget constraints
FY2013	MLS employees received performance awards of either \$2,000 or 2% of salary (whichever was greater) across the board
FY2014	Top of the pay band increased by 6.75%

MEMORANDUM

March 18, 2014

TO: Joe Adler, Director
Office of Human Resources

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

SUBJECT: Disability Hiring Program

It has been one year since the Charter provision was adopted to allow the Council by law to establish within the Merit System a program to recruit and select qualified individuals with severe physical or mental disabilities on a non-competitive basis.

The Government Operations and Fiscal Policy (GO) Committee would like a written update from your department on this new disability hiring program. The update should include the following information:

- description of the disability hiring program including staffing
- data on use of the program including placement information
- thumbnail summary of the program regulations
- recommendations for program improvements or changes to program regulations
- description of notification about existence of the program e.g. website, advertising, newsletters

The Committee would appreciate having a thorough update by April 10 prior to your operating budget review on April 21.

f:\ferber\disability hiring\adler memo.doc

Description of disability hiring program including staffing:

The disability hiring program encompasses the following initiatives:

- Noncompetitive hiring process for Persons with Disabilities
- Hiring Preference Process for Persons with Disabilities
- Hiring Preference Process for Veterans and Veterans with Disabilities
- Intern Program for Persons with Disabilities: Quest Intern Program, Project SEARCH Montgomery and Customized Public Employment Intern Program

Following approval of Executive Regulation 1-13 by the County Council on June 25, 2013, the Office of Human Resources used an unfunded vacancy to create a full-time Human Resources Specialist position to work as the County's Targeted Recruitment Specialist dedicated to support the County Executive's commitment of increasing employment opportunities for people with disabilities. The role of the targeted recruitment specialist is to facilitate and coordinate the hiring process of applicants that qualify for employment under these initiatives. These initiatives have been designed and developed to help increase employment opportunities for people with disabilities and veterans.

The Targeted Recruitment Specialist has been working internally with Departments to expand internship opportunities for Project SEARCH Montgomery participants and the customized public employment intern program. Through Project SEARCH, there has been outreach and discussion regarding partnering with sister agencies such as: the City of Rockville, the City of Gaithersburg and with Montgomery College. We have already established a robust partnership with The Maryland-National Capital Park & Planning Commission.

In addition to the expansion of internship sites with both intern programs, there have been on-going meetings with Departments who are interested in supporting the transition from intern to paid employment. As a result of these discussions, several departments have expressed interest in hiring their interns based on the following realizations:

- Utilizing interns who, while learning new skills are adding value to the Department.
- The interns are performing work that benefit the departments and are adding efficiencies to the workplace.
- The work the interns perform are allowing employees to perform the more critical duties related to the mission of the department.
- The interns are able to provide a pool of reliable employment –ready applicants that can augment the County's efforts to achieve workforce diversity.
- Having the interns in the workplace, contribute towards breaking down barriers/stereotypes of people with disabilities and increases sensitivity awareness and workforce diversity.

Additional focus has been on developing the infrastructure of the non-competitive hiring process. This includes the development of a secure/confidential application process to include verification of eligibility at the time of application, development of a skills bank of applicants ready for hire and designing an applicant tracking/flow system, as applicants potentially will apply through multiple tracks.

DATA on the use of the program including placement information:

To date we have hired:

- Nine (9) employees through the non-competitive hiring process
- Eighty (80) Vets
- Two (2) Vets with Disabilities
- Six (6) People with Disabilities

Thumbnail summary of the program regulations

ER 1-13 amends the County Personnel Regulations to establish and maintain a program for the noncompetitive appointment of qualified persons with severe developmental, physical and psychiatric disabilities to County merit positions. The program allows for the following:

- 1) A department director may noncompetitively appoint a qualified person to a County merit position provided the person meets the criteria of non-competitive appointment under the Federal Governments special hiring authority;
- 2) To expeditiously transition of interns coming from Project SEARCH, Customized Employment Intern Program and/or Quest intern program without advertising the positions;
- 3) A department director may fill a position designated by OHR Director as appropriate for the non-competitive appointment of persons with severe disability without advertising; or where a merit position has been advertised competitively and a qualified applicant who meets the eligibility requirements applies- a department director may hold the competitive process in abeyance and non-competitively appoint the applicant with the disability.

Non competitive appointment applies only to the initial appointment, department must obtain the OHR Director's written approval of any non-competitive appointment and non-competitive appointment is the prerogative of management and not a right. Denial of a non-competitive appointment may not be grieved.

Recommendations for program improvements:

Following the selection of the targeted recruitment specialist, the emphasis has been on the continued development of internship sites, working with departments on how the non-competitive process works, thus allowing for the seamless transition of interns to employee and towards the development of the infrastructure for the non-competitive hiring program. Once the program is fully running we will be in a better position to discuss areas that need improvement or changes. For now, the one area that we have identified as needing improvement is the need to improve tracking capabilities within our existing recruitment system.

Description of notification about existence of the program:

- 1) Website has been updated and identifies the non-competitive hiring process, the preference processes and the contact information for the Targeted Recruitment Specialist
- 2) Outreach is being conducted through various disability groups
- 3) Once infrastructure is fully implemented outreach to department directors will be more aggressively pursued.
- 4) On-going outreach and information has been provided through the development of intern sites and through information sessions for the various intern programs
- 5) Brochure and video development
- 6) Commission on People with Disabilities
- 7) The Targeted Recruitment Specialist has been invited to disability group meetings to present information on the non-competitive hiring process

Fiscal Impact Statement
Council Bill 12-14 Personnel – Telecommuting - Amendments

1. Legislative Summary.

This bill requires the County Executive to adopt a telecommuting regulation to identify the circumstances under which a County employee may telecommute and establish procedures to implement a telecommuting program. The regulation also requires the Director of Human Resources to designate a County telecommuting manager to oversee its implementation.

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

The bill requires the County Executive to adopt a regulation, which will not by itself change County revenues or expenditures. The telecommuting regulation that is required by the bill would result in additional County expenditures for the County telecommuting manager position. The telecommuting manager may be classified as a Program Manager II or Human Resources Specialist III, estimated at a maximum annual cost of \$100,600. An additional estimated amount of \$50,000 in the first year and \$5,000 to \$10,000 in each subsequent year is required to cover training requirements from the bill.

The telecommuting regulation would result in no changes to County revenues.

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

The total additional expenditures from the telecommuting regulation are estimated at \$150,600 in the first year, and \$105,600 to \$110,600 in each year afterwards for a total estimated cost of \$678,600 to \$703,600 over 6 years.

There would be no expected change to revenue in the next 6 fiscal years as a result of the telecommuting regulation.

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

Not applicable

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

Not applicable

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

In order to implement the telecommuting regulation, it is estimated that 1 FTE would be required for the County telecommuting manager. The development and subsequent support of the training will be provided through contracted services.

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

It is anticipated that the role and responsibilities of the County telecommuting manager required by the telecommuting regulation would necessitate a full-time position. OHR anticipates that the duties of this position can't be absorbed by existing staff.

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

An appropriation of \$150,600 would be needed to implement the telecommuting regulation.

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

Variables that could impact cost include the salary at which the new position is filled and contractor costs that vary from those assumed.

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

Please see responses to #2 and #9.

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

Not applicable

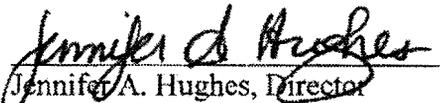
12. Other fiscal impacts or comments.

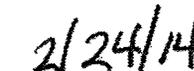
Not applicable

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

Corey Orlosky, Office of Management and Budget

Lori O'Brien, Office of Human Resources


Jennifer A. Hughes, Director
Office of Management and Budget


Date