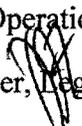


Worksession

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
FROM: Justina J. Ferber,  Legislative Analyst
SUBJECT: **Worksession** - Executive's Recommended FY15 Operating Budget
Merit System Protection Board (MSPB)

The following persons may be present for the worksession:

Raul (Roy) Chavera, Chair, MSPB or Julie Martin-Korb, Vice Chair, MSPB
Robyn Scates, Executive Director, MSPB
Marquette Bibbs, Office Services Coordinator, MSPB
Crystal Sallee, Management and Budget Specialist, Office of Management and Budget

The Merit System Protection Board Budget is on ©1.

OVERVIEW

The County Executive's recommended budget for the Merit System Protection Board for FY15 is \$158,297, a decrease of -\$16,440 or -9.4% from the FY14 approved budget of \$174,737. Personnel costs comprise 90.2% of the budget. Personnel costs are lower due to staffing changes.

| (in \$000's) | FY13 Actual | FY14 Approved | FY15 CE Recommended | % Change FY14-FY15 |
|-------------------------------|----------------|------------------|------------------------|-----------------------|
| Expenditures: | | | | |
| General Fund pers & op | 127,258 | 174,737 | 158,297 | -9.4% |
| Positions: | | | | |
| Full-time | - | - | - | |
| Part-time | 2 | 2 | 2 | |
| TOTAL Positions | 2 | 2 | 2 | 0.0% |
| FTEs | 1.0 | 1.0 | 1.0 | 0.0% |

The Merit System Protection Board is composed of three members who are appointed by the County Council. Members of the Board conduct worksessions and hearings in the evenings as required and are compensated with an annual salary as prescribed by law. The Board is supported with a part-time Executive Director and Office Services Coordinator.

| MSPB | |
|---|------------------|
| Adjustments with no service impacts | |
| Decrease Cost : Annualization of FY14 Personnel Costs | -\$20,380 |
| Increase Cost : FY14 Compensation Adjustment | \$3,195 |
| Increase Cost: Board Member Stipend | \$200 |
| Increase Cost: Group Insurance Adjustment | \$380 |
| Increase Cost: Retirement Adjustment | \$165 |
| Total Cost Change FY14 to FY15 | -\$16,440 |

Classification and Compensation Audit: The Code of Montgomery County Regulations provides at least once every five years, the Merit System Protection Board must have a consultant who is a specialist in the field and independent of County government conduct an objective audit of the entire classification and compensation plan and procedures. The regulation allows the MSPB to postpone the audit with the approval of the County Council. Attached are two articles about the cities of Frederick and Salisbury which are conducting classification and compensations audits for their employees.

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

I have talked to the MSPB Chair and he indicates that an audit is long overdue. At a minimum, he strongly feels that incremental funding of \$250,000 should be programmed to address position classification priorities and goals that require immediate attention such as obsolete position descriptions, new or emerging position descriptions to keep in line with industry standards, or studies that might be resolved by partnering with similar MCGEO goals and targets. The MSPB requests the Council add funding in the budget for FY15 to begin an Audit. If funding is not approved for FY15, then the Board would like permission to postpone the Audit to FY16 with the understanding that the Office of Management and Budget will include funding in the FY16 and FY17 budgets as recommended by the Council.

Staff Recommendation

- **Staff recommends the Committee add \$250,000 to the reconciliation list to begin the classification and compensation audit process.**
- **Staff recommends approval of the Merit System Protection Board budget as submitted for \$158,297.**

Attachments: MSPB Budget ©1
 Resolution 17-520, Postponement of FY13 Audit ©3
 News Articles ©5

Merit System Protection Board

MISSION STATEMENT

The mission of the Merit System Protection Board is to oversee the merit system and protect employee and job applicant rights guaranteed under the merit system law.

BUDGET OVERVIEW

The total recommended FY15 Operating Budget for the Merit System Protection Board is \$158,297, a decrease of \$16,440 or 9.4 percent from the FY14 Approved Budget of \$174,737. Personnel Costs comprise 90.2 percent of the budget for no full-time positions and two part-time positions, and a total of one FTE. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 9.8 percent of the FY15 budget.

LINKAGE TO COUNTY RESULT AREAS

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

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

PROGRAM CONTACTS

Contact Robyn Scates of the Merit System Protection Board at 240.777.6620 or Crystal B. Sallee of the Office of Management and Budget at 240.777.2778 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Merit System Oversight

The Merit System Protection Board oversees the merit system and protects employee and job applicant rights guaranteed under the merit system; conducts or authorizes periodic audits of the classification system; comments on any proposed changes in the merit system law or regulations; reviews the need to amend laws or regulations; and adjudicates appeals from grievances, removals, demotions, and suspensions upon request of the employee. Personnel Management Oversight includes investigations, audits, or special studies of all aspects of the merit system. The Board publishes an annual report and convenes an annual public forum on personnel management issues.

BUDGET SUMMARY

| | Actual FY13 | Budget FY14 | Estimated FY14 | Recommended FY15 | % Chg Bud/Rec |
|--|----------------|----------------|-------------------|---------------------|------------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 47,824 | 127,960 | 109,966 | 108,776 | -15.0% |
| Employee Benefits | 4,181 | 31,269 | 28,744 | 34,013 | 8.8% |
| County General Fund Personnel Costs | 52,005 | 159,229 | 138,710 | 142,789 | -10.3% |
| Operating Expenses | 75,253 | 15,508 | 3,694 | 15,508 | — |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| County General Fund Expenditures | 127,258 | 174,737 | 142,404 | 158,297 | -9.4% |
| PERSONNEL | | | | | |
| Full-Time | 0 | 0 | 0 | 0 | — |
| Part-Time | 2 | 2 | 2 | 2 | — |
| FTEs | 1.00 | 1.00 | 1.00 | 1.00 | — |

FY15 RECOMMENDED CHANGES

| | Expenditures | FTEs |
|--|----------------|-------------|
| COUNTY GENERAL FUND | | |
| FY14 ORIGINAL APPROPRIATION | 174,737 | 1.00 |
| Other Adjustments (with no service impacts) | | |
| Increase Cost: FY15 Compensation Adjustment | 3,195 | 0.00 |
| Increase Cost: Group Insurance Adjustment | 380 | 0.00 |
| Increase Cost: Board Member Stipend Increase | 200 | 0.00 |
| Increase Cost: Retirement Adjustment | 165 | 0.00 |
| Decrease Cost: Annualization of FY14 Personnel Costs | -20,380 | 0.00 |
| FY15 RECOMMENDED: | 158,297 | 1.00 |

FUTURE FISCAL IMPACTS

| Title | CE REC. | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| | FY15 | FY16 | FY17 | (FY18) | FY19 | FY20 |
| <i>(\$000's)</i> | | | | | | |
| This table is intended to present significant future fiscal impacts of the department's programs. | | | | | | |
| COUNTY GENERAL FUND | | | | | | |
| Expenditures | | | | | | |
| FY15 Recommended | 158 | 158 | 158 | 158 | 158 | 158 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Subtotal Expenditures | 158 | 158 | 158 | 158 | 158 | 158 |

Resolution No.: 17-520
Introduced: July 24, 2012
Adopted: July 31, 2012

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Government Operations and Fiscal Policy Committee

SUBJECT: Postponement of FY13 Audit of the Montgomery County Classification and Compensation Plan and Procedures

Background

1. The Code of Montgomery County Regulations (COMCOR), §33.07.01.09(h)(2)(A) provides: "At least once every 5 years, the Merit System Protection Board (MSPB) must have a consultant who is a specialist in the field and independent of the County government conduct an objective audit of the entire classification and compensation plan and procedures."
2. COMCOR §33.07.01.09(h)(2)(A) allows the MSPB to postpone the audit with the approval of the County Council.
3. By memorandum dated November 5, 2003, Harold Kessler, MSPB Chairman, requested a deferral of the FY05 audit of the Montgomery County Classification and Compensation Plans and Procedures explaining that the Board did not have any information indicating there is an immediate necessity, and did not see an absolute need to conduct an audit of the systems in FY05. He noted that the last audit dated April 25, 2001 found that the Office of Human Resources was administering the classification regulations, policies, and procedures in a manner prescribed.
4. On May 4, 2004, the Council adopted Resolution No. 15-592, which approved deferral of the audit until FY08.
5. On June 19, 2007, at the request of the MSPB, the Council adopted Resolution 16-193, which approved deferral of the audit until FY10.
6. On June 16, 2009, at the request of the MSPB, the Council adopted Resolution 16-997, which approved deferral of the audit until FY11.
7. On June 22, 2010, at the request of the MSPB, the Council adopted Resolution 16-1400, which approved deferral of the audit until FY13.

8. On July 16, 2012, the Government Operations and Fiscal Policy Committee discussed the audit with the Merit System Protection Board. It was noted there is no information indicating there is an immediate need to conduct the audit, and the FY13 Operating Budget did not include funds for an audit. The Committee and Board agreed that the audit should be deferred one year.
9. The Government Operations and Fiscal Policy Committee recommends the Audit of Classification and Compensation Plans and Procedures be postponed until FY14.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The Audit of the Montgomery County Classification and Compensation Plans and Procedures is postponed until FY14, with the assumption that the following audit would be scheduled five years later unless the Council approves another deferral.

This is a correct copy of Council action.



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

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Study: Salisbury employees are underpaid

City urged to raise employee compensation 8.5 percent

Aug 5, 2013 | Comments

A A

Written by
Jeremy Cox
Staff Writer

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WIC-News

SALISBURY — The pay of many of the city's 380 employees falls well below market rate and should be raised an average of 8.5 percent to ensure quality workers can be hired and retained, according to a new report.

City officials paid Evergreen Solutions LLC \$44,000 to conduct the first pay and employee classification study on municipal government in more than eight years.

In it, the consultant recommends:

- Increasing overall employee compensation a total of \$748,000, meting out the raises throughout no more than three years.

Salisbury City Council work session

IF YOU GO

When: 6:30 p.m. today

Where: Room 301, Government Office Building, 125 N. Division St.

Online: www.ci.salisbury.md.us

- Revising nine job titles and creating the position of lead zookeeper.

- Conducting a comprehensive pay and classification study every four to six years.

Evergreen Solutions based its recommendations, it said, on interviews with employees, an analysis of the city's job structure and a study of comparable public employers.

The analysis shows that nearly 80 percent of the city's 381 employees earn less than the midpoint of their respective pay ranges. Their compensation may have been in line with market expectations before the Great Recession, but salary stagnation caused the city to fall behind its peers, according to the report.

"I was surprised that we weren't further behind," Mayor Jim Ireton said.

The City Council is scheduled to get its first look at the report today. But any changes are unlikely at least until September, when the city's annual audit begins.

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The outcome of the audit is critical because it will determine whether any money was left unspent during the fiscal year that ended June 30. Ireton said he is optimistic there will be at least \$200,000 from the sale of the old downtown fire station and over-budgeting on electric bills.

Compensation became an issue last year after police officials complained that officers were leaving in droves for better pay and hours. Last September, the council set aside \$488,000 of that year's surplus to boost the department's wages.

Now's the time for other city departments to get theirs, said Councilwoman Shanie Shields.

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jcox6@dmg.gannett.com410-845-4630On Twitter @Jeremy_Cox

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Calendar grid showing days 15 through 21 with corresponding days of the week.

Plantation House Open. Rackliffe Plantation House Berlin, MD

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Third Friday. Downtown Salisbury, MD

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To maintain competitiveness, Frederick looks at salary changes

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Frederick City salary database

Searchable database of salaries for city of Frederick employees here.

Posted: Tuesday, February 18, 2014 2:00 am

By Jen Bondeson News-Post Staff | 2 comments



Posted on Feb 18, 2014 by Jen Bondeson

Over the last few years, Kathryn Nicolato says, she has watched some qualified candidates walk away from job offers from the

city of Frederick.

"We have been encountering some difficulty in hiring people for city employment, primarily because salaries don't meet expectations," said Nicolato, the city's human resources director.

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For that reason, and because the city hasn't studied its pay scale in seven years, Frederick is hiring a contractor to do a full classification and compensation study, Nicolato said.

On Thursday, Mayor Randy McClement and the Board of Aldermen will consider approving a \$53,000 agreement with Management Advisory Group to conduct the study.

The purpose, Nicolato said, is to ensure that the city's salaries are competitive and that the city is hiring workers that can serve residents well. Still, the city wants to be reasonable, she said.

"Is there even money in the budget?" she said. "The question is always, can we do it without an impact on citizens and their taxes?"

About a quarter of the city's total budget is going to salaries this budget year, which ends in June. The city budgeted for \$34.3 million for salaries out of a \$137.5 million overall budget. With \$25.6 million going to benefits, about 44 percent of the budget is going to personnel costs.

It's important to reevaluate salaries now, she said, because the city last looked at them before the recession.

For the first time in five years, McClement and the board this year approved merit increases. Pay will be boosted by up to 4 percent, based on performance, Nicolato said. Employees also received a one-time payment of \$1,500 this year in lieu of a cost-of-living increase.

Those increases and payments cost the city \$1.46 million this budget year, but the city did not raise taxes.

The pay freeze from fiscal 2009 to this year may have put the city behind the market, Nicolato said, although it won't know without a formal study.

Frederick is not alone in its undertaking.

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Job Openings

Gaithersburg just completed a study last summer, and Rockville and Hagerstown are both starting studies, Nicolato said.

Gaithersburg took on the study for the same reason as Frederick, said Kim Yocklin, acting human resources director for the city of Gaithersburg.

The last time Gaithersburg had conducted a study before 2013 was 2006, Yocklin wrote in an email.

Many local governments in the region froze positions and salaries when the economy took a dip, said Thomas Reynolds, director of education services at the Maryland Municipal League.

To the extent that governments feel they are coming out of the recession, they may be thinking that now is a good time to reconsider where they are, Reynolds said.

"It's like they are walking out of the cloud of the recession, and trying to get the lay of the land," he said.

Management Advisory Group's study would consider internal and external competitiveness among salaries and pay ranges, and would survey city managers and other local governments.

The study should be complete in four months, which may not give the city enough time to implement changes in time for next budget year, Nicolato said.

In Gaithersburg's study, the authors said the city was in a competitive position in the market, although it should constantly monitor its peers. The lowest salary grade in Gaithersburg is about \$21,000 to \$31,000, and the highest is about \$120,000 to \$189,000.

The lowest salary grade in Frederick is about \$26,000 to \$41,000, and the highest is about \$95,000 to \$152,000.

While the studies cost money, Reynolds said, in the long run they bring savings, because they show the best information possible for hiring and retention decisions.

"The exercise that Frederick is going through is not unique," he said.

Who gets paid the most?

1. Thomas Ledwell, police chief, \$136,324
2. Gerald Kolbfleisch, director of finance, \$130,039
3. Richard Hetherington, police captain, \$123,931
4. Patrick Grossman, police captain, \$123,931
5. Michael Spurrier, director of the Frederick Community Action Agency, \$115,863

Search a database of salaries for city of Frederick employees [here](#).

Salaries as of September 2013

More about Randy McClement

- **ARTICLE:** Snow removal weighing on budgets
- **ARTICLE:** McClement hires new executive assistant
- **ARTICLE:** Mingling with the city's leaders
- **ARTICLE:** A snowy sidewalk could lead to city's ire

Reference Links

- Searchable salary database for city of Frederick employes

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 Tue, Feb 18, 7:00 pm EST
 Champion Billiards Cafe, Frederick

Open Mic Jam hosted by JB Dunn w/ features acts
 Tue, Feb 18, 9:00 pm EST
 The Cellar Door Restaurant, Frederick

"For Us The Living" works by American Civil War Artist Mort Kunstler
 Wed, Feb 19, 9:00 am EST
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Blind Man
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 Bushwallers, Frederick

"For Us The Living" works by American Civil War Artist Mort Kunstler
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