



FY22 Operating Budget: Committee Consent Calendar

GO Committee #5G

April 26, 2021

Department/Office: Office of Human Resources (OHR)

Staff: Craig Howard, Deputy Director

1. Staff Recommendation

Council staff recommends approval of the FY22 Office of Human Resources Budget as submitted by the County Executive.

2. Summary of FY22 Recommended Budget

The County Executive's complete FY22 Recommended Operating Budget for OHR is attached at ©1-9.

Office of Human Resources	FY21 Approved	FY22 CE Recommended	Change from FY21 Approved
General Fund	\$7,842,794	\$8,203,407	4.6%
Personnel Costs	\$5,388,718 39.8 FTEs	\$5,913,900 43.80 FTEs	9.7% 4.0 FTEs
Operating Costs	\$2,454,076	\$2,289,507	(6.7%)
Self-Insurance Fund	\$294,971,060	\$308,896,432	4.7%
Personnel Costs	\$2,999,359 23.85 FTEs	\$3,100,360 23.85 FTEs	3.4% --
Operating Costs	\$291,971,060	\$305,796,072	4.7%
Total Expenditures (All Funds)	\$302,813,854 63.65 FTEs	\$317,099,839 67.65 FTEs	4.7% 6.3%

3. Summary of FY22 Recommended Changes/Adjustments

General Fund - With Service Impact

- **A net increase of \$134,218 and 2.0 FTE for implementation of the OHR Strategic Plan Phase 1.** The total cost for this initiative is \$399,990 and 4.0 FTE, however OHR has partially offset the cost by eliminating two positions.

OHR describes its strategic plan as designed to balance out OHR's core values with strategic priorities that will embody an agile framework to promote the collaborative and inclusive HR culture we are building with our HR Community partners and will be targeted in the following areas: 1) People and Culture; 2) OHR Optimization; 3) Professional Development and Training; 4) HR Metrics and Workforce Analytics; and 5) OHR Strategy and Governance Administration.

- **A reduction of \$150,000 in tuition assistance.** As a result, the total budget for tuition assistance in FY22 would be \$235,000. OHR notes that this reduction was needed to meet affordability targets and was determined to be the least impactful to OHR operations.

General Fund - No Service Impact

- Re-aligning the Disability Employment Initiative in OHR from DHHS. This shifts funding from DHHHS into OHR. Of the \$188,851 cost of this program, \$50,000 of the funds were part of the OHR budget under operating expenses and funded the non-competitive contract for TransCen, which provided administrative support for the Customized Employment Intern Program. The remaining amount of funding was tied to the HHS, which provided payment to the students who participated in the Customized Employment Intern Program. The existing funds will be used to implement a completely new approach to disability hiring by creating two-year rotating term positions solely dedicated to hiring people with disabilities.
- Shifts a \$40,000 community grant for the Ivymount School to OHR's base budget from the Community Grants NDA.
- An increase of \$307,710 for FY21 and FY22 compensation and benefit adjustments.

Self-Insurance Fund – No Service Impact

- An increase of \$13,824,371 for claims adjustment expenditures. This increase reflects a projected increase in actual active employee and retiree health care claims.
- An increase of \$101,001 for FY21 and FY22 compensation and benefit adjustments.

4. Suggested Discussion Items for Fall Overview Session

- Discussion of OHR's Strategic Plan, including how it plans to incorporate racial equity and social justice principles into the various elements.



Human Resources

RECOMMENDED FY22 BUDGET

\$317,099,839

FULL TIME EQUIVALENTS

67.65

 BERKE ATTILA, DIRECTOR

MISSION STATEMENT

To foster excellence in people by providing quality human resources services to our employees, partners, and the community.

BUDGET OVERVIEW

The total recommended FY22 Operating Budget for the Office of Human Resources is \$317,099,839, an increase of \$14,285,985 or 4.72 percent from the FY21 Approved Budget of \$302,813,854. Personnel Costs comprise 2.84 percent of the budget for 65 full-time position(s) and two part-time position(s), and a total of 67.65 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 97.16 percent of the FY22 budget.


The Office of Human Resources Budget is comprised of a General Fund component of \$8,203,407 and a Employee Health Benefit Self Insurance Fund component of \$308,896,432.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following is emphasized:

 **Effective, Sustainable Government**

INITIATIVES

 Implementation of an OHR Strategic Plan designed to address service gaps, enhance the customer experience, and strengthen partnerships within the HR Community.

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 PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY21 estimates reflect funding based on the FY21 Approved Budget. The FY22 and FY23 figures are performance targets based on the FY22 Recommended Budget and funding for comparable service levels in FY23.

PROGRAM DESCRIPTIONS

Business Operations and Performance

The Business Operations and Performance Division is comprised of the Classification, Compensation, and Workforce Performance 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 to assure that positions are correctly assigned at comparable grade levels. This team 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 compensation policies.

Workforce Performance consists of the Rewarding Excellence and Performance Management team. Rewarding Excellence is a process that encourages, mentors, and coaches front-line employees to work together as a team to implement improvement initiatives within Montgomery County Government. Performance management is a continuous process, which includes creating performance appraisals, observing and documenting performance and behavior, providing feedback, coaching, mentoring, and evaluating employees. The goal is to help employees and supervisors achieve Montgomery County's overall vision of efficient, effective, innovative, and responsive delivery of quality services.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Job classification activities completed ¹	166	162	149	159	161
Number of new hire salary equity analyses completed	160	341	197	233	287
Average days to complete new hire salary equity analyses ²	16	18	16	16	12
Average days to complete non-study job classifications related to hires ³	N/A	25	18	16	12
Percent of job classifications reviewed/studied within the past 10 years ⁴	25%	24%	28%	35%	42%

¹ Complete data not available prior to FY19

² Complete data not available prior to FY19

³ Data not available prior to FY20

⁴ Data not available prior to FY19

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	1,191,455	8.00
Re-align: OHR Strategic Plan Eliminate MIII Position in Support of Phase I	(123,822)	(1.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(56,729)	0.00
FY22 Recommended	1,010,904	7.00

Director's Office

The Director's Office provides services to the Department: executive management and recruitment; policy direction; strategic and financial planning; communications and public relations; and resources management. In addition, the Office provides consultation services on human resources matters to the County Executive and other department directors. 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 Director's Office is also responsible for the departmental human capital strategy, which focuses on improving automation, customer service, cultural change, and communication as recommended by key partners and stakeholders.

The Director's Office is comprised of the following.

- Information Technology - provides management and oversight of the Department's information technology initiatives.
- Administrative Services - provides management and oversight of the Office's procurement of goods and services, budget preparation, administration, and financial management of the employee health benefits fund, and management over the Records Management Section. The team also remits payments to benefit program carriers and third party administrators, approves invoices, and remits bills to employees and retirees as necessary.
- Communications and Strategic Planning - provides management and coordination of communications strategies, website content management, and the Department's strategic initiatives.

In FY21, OHR embarked upon the implementation of a Strategic Plan designed to address service gaps, enhance the customer experience, and strengthen partnerships within the HR Community by repurposing two management level positions into four staff level positions. The repurposed positions will be dedicated to the development and management of process improvement initiatives, data analytics, and OHR performance goals and objectives while serving as a ready resource to support OHR divisions on solving complex business and operational issues.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	3,135,477	21.40
Enhance: OHR Strategic Plan Implementation: Phase I	399,990	4.00
Re-align: OHR Strategic Plan Eliminate MII Position in Support of Phase I	(141,950)	(1.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	134,566	0.00
FY22 Recommended	3,528,083	24.40

EEO Compliance and Diversity Management

The Equal Employment Opportunity (EEO) and Diversity Management team ensures compliance with local, State, and Federal discrimination laws, as well as Montgomery County Personnel Regulations Section 5, related to Equal Employment Opportunity. The Division provides mandatory and customized training to employees and managers concerning equal employment and diversity management. The training also extends to civilian and public safety employees. The Division is responsible for mandated Federal and State EEO-related reporting requirements, EEO certifications, data/statistical analyses, and other EEO related

reporting compliance associated with grant funding. The Division's primary responsibility is EEO compliance as it relates to the investigation of EEO complaints, monitoring departmental investigations, providing guidance and assistance to managers/supervisors related to EEO matters and resolution of EEO issues/complaints including mediation and reaching amicable resolution of EEO complaints.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of Equal Employment Opportunity complaints/inquiries received	184	145	173	180	198
Number of participants in Equal Employment Opportunity and diversity management trainings	1,788	1,288	1,500	1,600	1,700
Percent of Equal Employment Opportunity cases with successful resolution	37%	26%	32%	38%	45%
Percent of trainings that are customized for departments ¹	34%	41%	45%	49%	54%

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FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	452,671	3.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(13,865)	0.00
FY22 Recommended	438,806	3.00

Health & Employee Welfare

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, retirees, and their dependents (over 45,000 total people) in a manner that ensures an understanding of program provisions and their value as part of total compensation.

The Wellness Program uses a dynamic, comprehensive, and data-driven strategy to promote employee engagement in health and well-being. The Wellness Program provides employee wellness activities such as health screenings, educational seminars, wellness and fitness classes, and incentive programs, and utilizes communication channels such as web, social media, and a monthly newsletter.

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.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of employees enrolled in Virgin Pulse wellness program	5,881	6,081	6,300	6,087	6,200
Percent of employees actively engaged in Virgin Pulse wellness program	63%	51%	49%	54%	58%
Percent of Virgin Pulse wellness program users whose chronic disease risk decreases	82%	82%	79%	82%	85%

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	293,256,717	14.35
Increase Cost: Claims Expenditure Adjustment	13,824,371	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.	121,004	0.00
FY22 Recommended	307,202,092	14.35

☀ Occupational Medical Services

The Occupational Medical Services team (OMS) (including Fire and Rescue Occupational Medical Services) 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. OMS also includes the County's Disability Program Manager who administers the County's Americans with Disabilities Act (ADA) program.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of mandatory incumbent physical exams performed by Occupational Medical Services	3,050	2,424	2,545	3,000	3,150
Number of candidates processed for medical clearances	2,174	1,808	1,898	2,150	2,258
Percent of medical encounters processed within five days of visit	70%	74%	78%	82%	85%
Average patient length of stay from sign in to discharge (minutes)	71	70	70	70	70
Percent of mandatory incumbent physical exams completed within required timeline	72%	78%	80%	85%	90%

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	2,175,703	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	30,585	0.00
FY22 Recommended	2,206,288	2.00

☀ Recruitment and Selection

The Recruitment and Selection Team is responsible for attracting, hiring, promoting and retaining candidates for County departments and agencies that result 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 including recruitment planning, guidance, and advisory services to departments and agencies on selection and hiring. In addition, the team conducts new employee orientation; administers reductions-in-force; designs and administers public safety promotional examinations and other employment tests; administers the County's Internship, Senior Fellow, Position and Career Education Program (PACE), Multilingual, Job Fairs and coordinates County transfers, demotions, promotions, noncompetitive reappointments, retiree rehiring; manages the County's Disability and Veteran Employment Initiatives; provides selection guidelines training on interviewing and selecting employees; community and employee briefing trainings on the County's employment process and interview/resume preparation; reviews and validates all County compensation (such as, wage equity, within grade salary requests, temporary promotion, promotion, demotion salary requests), develops candidate qualification templates (minimum qualifications/preferred criteria), and validates candidate qualifications; and facilitates priority consideration placements.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of people hired	1,369	1,382	1,173	1,308	1,345
Percent of vacancies filled within target duration	40%	51%	70%	80%	85%
Average number of days to fill a vacant County position	104	108	89	84	79
Percent of new hires who are racial minorities (compared to county labor force: 56%)	57%	57%	56%	56%	56%

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	1,579,763	10.40

FY22 Recommended Changes	Expenditures	FTEs
Re-align: Disability Employment Initiative	188,851	2.00
Shift: Community Grants Moved from Community Grants Non Departmental Account to OHR's Base Budget for The Ivymount School, Inc	40,000	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.	18,094	0.00
FY22 Recommended	1,826,708	12.40

☀ Training and Organizational Development

The Training and Organizational Development team provides training, workforce planning, and organizational effectiveness programs and activities that increase the knowledge, skills, and abilities of the County's workforce. The team offers professional development opportunities to employees and managers through online learning and instructor-led classes and designs performance improvement strategies and specialized training to meet specific departmental needs. The team also designs short- and long-term business strategies to create required professional competencies, enhance organizational performance and effectiveness, and champions organizational change efforts to support the County's objectives.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of training classes offered	743	745	750	750	750
Percent of employees who participate in at least two non-mandatory training/development programs ¹	3.5%	19.5%	15.0%	15.0%	15.0%
Percent of training courses geared toward leadership development	3.8%	4.0%	4.0%	4.0%	4.0%
Percent of computer skills trainees who report applying skills to current position	94%	98%	95%	95%	95%

¹ Data not available prior to FY19

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	1,022,068	4.50
Reduce: Tuition Assistance	(150,000)	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.	14,890	0.00
FY22 Recommended	886,958	4.50

BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	4,198,523	4,235,292	4,009,798	4,722,473	11.5 %
Employee Benefits	1,189,130	1,153,426	1,048,725	1,191,427	3.3 %
County General Fund Personnel Costs	5,387,653	5,388,718	5,058,523	5,913,900	9.7 %
Operating Expenses	3,241,778	2,454,076	2,282,342	2,289,507	-6.7 %
Capital Outlay	18,974	0	0	0	—
County General Fund Expenditures	8,648,405	7,842,794	7,340,865	8,203,407	4.6 %

BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
PERSONNEL					
Full-Time	68	61	61	65	6.6 %
Part-Time	2	2	2	2	—
FTEs	45.00	39.80	39.80	43.80	10.1 %
County General Fund Revenues	0	0	0	0	—
EMPLOYEE HEALTH SELF INSURANCE					
EXPENDITURES					
Salaries and Wages	2,468,573	2,320,206	2,254,461	2,412,318	4.0 %
Employee Benefits	626,707	679,153	564,600	688,042	1.3 %
Employee Health Self Insurance Personnel Costs	3,095,280	2,999,359	2,819,061	3,100,360	3.4 %
Operating Expenses	258,270,598	291,971,701	272,597,325	305,796,072	4.7 %
Employee Health Self Insurance Expenditures	261,365,878	294,971,060	275,416,386	308,896,432	4.7 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	23.65	23.85	23.85	23.85	—
REVENUES					
Investment Income	98,546	118,600	5,750	1,660	-98.6 %
Medicaid/Medicare Reimbursement	0	31,037,577	31,037,577	34,923,652	12.5 %
Other Charges/Fees	9,178,489	0	0	0	—
Other Intergovernmental	0	8,357,060	8,357,060	8,419,282	0.7 %
Self Insurance Employee Health Income	60,940,593	255,584,170	252,160,320	265,553,498	3.9 %
Employee Health Self Insurance Revenues	70,217,628	295,097,407	291,560,707	308,898,092	4.7 %
DEPARTMENT TOTALS					
Total Expenditures	270,014,283	302,813,854	282,757,251	317,099,839	4.7 %
Total Full-Time Positions	68	61	61	65	6.6 %
Total Part-Time Positions	2	2	2	2	—
Total FTEs	68.65	63.65	63.65	67.65	6.3 %
Total Revenues	70,217,628	295,097,407	291,560,707	308,898,092	4.7 %

FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
	FY21 ORIGINAL APPROPRIATION	7,842,794 39.80
Changes (with service impacts)		
Enhance: OHR Strategic Plan Implementation: Phase I [Director's Office]	399,990	4.00

FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
Reduce: Tuition Assistance [Training and Organizational Development]	(150,000)	0.00
<u>Other Adjustments (with no service impacts)</u>		
Re-align: Disability Employment Initiative [Recruitment and Selection]	188,851	2.00
Increase Cost: FY21 Compensation Adjustment	118,859	0.00
Increase Cost: FY22 Compensation Adjustment	41,656	0.00
Shift: Community Grants Moved from Community Grants Non Departmental Account to OHR's Base Budget for The Ivymount School, Inc [Recruitment and Selection]	40,000	0.00
Decrease Cost: Print and Mail Adjustment	(4,569)	0.00
Decrease Cost: Retirement Adjustment	(8,402)	0.00
Re-align: OHR Strategic Plan Eliminate MIII Position in Support of Phase I [Business Operations and Performance]	(123,822)	(1.00)
Re-align: OHR Strategic Plan Eliminate MII Position in Support of Phase I [Director's Office]	(141,950)	(1.00)
FY22 RECOMMENDED	8,203,407	43.80

EMPLOYEE HEALTH SELF INSURANCE

FY21 ORIGINAL APPROPRIATION	294,971,060	23.85
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Claims Expenditure Adjustment [Health & Employee Welfare]	13,824,371	0.00
Increase Cost: FY21 Compensation Adjustment	70,199	0.00
Increase Cost: FY22 Compensation Adjustment	24,975	0.00
Increase Cost: Retirement Adjustment	5,827	0.00
FY22 RECOMMENDED	308,896,432	23.85

GRANT FUND - MCG

FY21 ORIGINAL APPROPRIATION	0	0.00
FY22 RECOMMENDED	0	0.00

PROGRAM SUMMARY

Program Name	FY21 APPR Expenditures	FY21 APPR FTEs	FY22 REC Expenditures	FY22 REC FTEs
Business Operations and Performance	1,191,455	8.00	1,010,904	7.00
Director's Office	3,135,477	21.40	3,528,083	24.40
EEO Compliance and Diversity Management	452,671	3.00	438,806	3.00
Health & Employee Welfare	293,256,717	14.35	307,202,092	14.35
Occupational Medical Services	2,175,703	2.00	2,206,288	2.00
Recruitment and Selection	1,579,763	10.40	1,826,708	12.40
Training and Organizational Development	1,022,068	4.50	886,958	4.50

PROGRAM SUMMARY

Program Name	FY21 APPR Expenditures	FY21 APPR FTEs	FY22 REC Expenditures	FY22 REC FTEs
Total	302,813,854	63.65	317,099,839	67.65

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY21 Total\$	FY21 FTEs	FY22 Total\$	FY22 FTEs
COUNTY GENERAL FUND					
Fire and Rescue Service	Fire	1,609,896	0.00	1,612,860	0.00
NDA - Montgomery County Employee Retirement Plans	Employees Retirement Savings Plan (RSP)	26,939	0.20	27,152	0.20
NDA - Montgomery County Employee Retirement Plans	Retirement Fund (ERS)	187,929	0.40	155,299	0.40
NDA - Montgomery County Employee Retirement Plans	Non-Appropriated Funds	26,390	0.00	9,690	0.00
Total		1,851,154	0.60	1,805,001	0.60

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY22	FY23	FY24	FY25	FY26	FY27
COUNTY GENERAL FUND						
EXPENDITURES						
FY22 Recommended	8,203	8,203	8,203	8,203	8,203	8,203
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	91	91	91	91	91
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	8,203	8,294	8,294	8,294	8,294	8,294
EMPLOYEE HEALTH SELF INSURANCE						
EXPENDITURES						
FY22 Recommended	308,896	308,896	308,896	308,896	308,896	308,896
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	53	53	53	53	53
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	308,896	308,949	308,949	308,949	308,949	308,949