



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

April 26, 2018

### M E M O R A N D U M

TO: Derrick L. Davis, Chair  
Public Safety and Fiscal Management Committee (PSFM)

THRU: David H. Van Dyke, County Auditor *DHVD*

FROM: Turkessa M. Green, Deputy County Auditor *TMG*

RE: Office of Human Resources Management (OHRM)  
Fiscal Year 2019 Budget Review

#### **Budget Overview**

The FY 2019 Proposed Budget for the Office of Human Resources Management is \$7,586,300. This is an increase of \$520,500, or 7.4%, above the FY 2018 Approved Budget. The increase is largely due to an increase in compensation for anticipated cost-of-living adjustments and merit increases, offset by a decrease in office automation charges and anticipated recoveries. The Office's expenditures are funded entirely by the General Fund.

The FY 2018 estimated total General Fund expenditures are \$6,587,300, which is 6.8% below the FY 2018 budgeted level.

#### **Budget Comparison - General Fund**

Approved Fiscal Year 2018 to Proposed Fiscal Year 2019

Category	FY 2017 Actual	FY 2018 Approved	FY 2018 Estimated	% Change - Est vs App	FY 2019 Proposed	\$ Change	% Change
Compensation	\$ 4,794,873	\$ 6,254,000	\$ 5,517,500	-11.8%	\$ 6,544,100	\$ 290,100	4.6%
Fringe Benefits	1,233,936	1,432,000	1,384,300	-3.3%	1,583,800	151,800	10.6%
Operating Expenses	1,097,976	1,537,000	1,563,000	1.7%	1,300,300	(236,700)	-15.4%
Sub-Total	\$ 7,126,785	\$ 9,223,000	\$ 8,464,800	-8.2%	\$ 9,428,200	\$ 205,200	2.2%
Recoveries	(1,933,049)	(2,157,200)	(1,877,500)	-13.0%	(1,841,900)	315,300	-14.6%
Total	\$ 5,193,736	\$ 7,065,800	\$ 6,587,300	-6.8%	\$ 7,586,300	\$ 520,500	7.4%

**Authorized Staffing Count - General Fund**

	<b>FY 2018 Approved</b>	<b>FY 2019 Proposed</b>	<b>Change Amount</b>	<b>Percentage Change</b>
Full-Time	68	69	1	1.5%
<b>Total</b>	<b>68</b>	<b>69</b>	<b>1</b>	<b>1.5%</b>

**Staffing Changes and Compensation**

- FY 2019 General Fund compensation is proposed at \$6,544,100, an increase of \$290,100, or 4.6%, above the FY 2018 approved amount. The increase in compensation is primarily due to anticipated cost-of-living adjustments and merit increases for eligible employees, and the addition of one new position.
- The Proposed FY 2019 staffing level is 69 full-time positions, an increase of one position compared to the approved FY 2018 level. The Personnel Aide 3G position is being added to the Office's staffing complement due to a significant increase in walk-ins, telephone inquiries and administrative duties in Benefits Administration.
- As of March 15, 2018, the Office reported eight (8) vacant full-time positions. The Office reported that it is actively recruiting for all of its vacant positions.
- Seventeen (17) positions have been assigned to the Office from various other agencies. The compensation amount for these positions is approximately \$1.1 million. These employees assist in the management and processing of background investigation case files. A summary of these employees is as follows:

<b>Agency</b>	<b># of Employees Assigned to OHRM</b>
Police Department	9
Department of Corrections	2
Office of the Sheriff	1
Fire Department	3
Office of Homeland Security	2
<b>TOTAL</b>	<b>17</b>

**Fringe Benefits**

- FY 2019 Fringe Benefits are proposed at \$1,583,800, an increase of \$151,800, or 10.6%, above the FY 2018 approved level, to align with actual expenditures.

- A five-year trend analysis of fringe benefit expenditures is included below.

<b>Fringe Benefits Historical Trend</b>					
	<b>FY 2015 Actual</b>	<b>FY 2016 Actual</b>	<b>FY 2017 Actual</b>	<b>FY 2018 Estimated</b>	<b>FY 2019 Proposed</b>
Fringe Benefit Expenditures	\$ 1,317,315	\$1,360,105	\$1,233,936	\$1,384,300	\$1,583,800
As a % of Compensation	27.3%	27.8%	25.7%	25.1%	24.2%
Annual % Change		3.2%	-9.3%	12.2%	14.4%

### **Operating Expenses**

- FY 2019 operating expenses are proposed at \$1,300,300 and are comprised of the following major items:
  - General and Administrative Contracts \$814,800
  - Office Automation \$211,500
  - Operational Contracts \$153,900
  - Operating and Office Supplies \$73,400
  - Telephones \$16,700
- Overall, operating expenses are decreasing by \$236,700, or 15.4%, below the FY 2018 approved level. The accompanying table compares the FY 2019 Proposed Budget operating expenditures with the FY 2018 Approved Budget operating expenditures. In four (4) of the categories, the FY 2019 Proposed Budget increases planned spending compared to the FY 2018 budget. In one (1) category, the FY 2019 Proposed Budget decreases planned spending. The FY 2019 Proposed Budget remains unchanged for five (5) categories compared to the FY 2018 budget.

<b>Operating Objects</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Proposed</b>	<b>FY 2018 - FY 2019</b>	
			<b>\$ Change</b>	<b>% Change</b>
Office Automation	\$ 453,000	\$ 211,500	\$ (241,500)	-53.3%
Printing	10,000	10,000	-	0.0%
Periodicals	1,300	1,300	-	0.0%
Operating Contracts	153,900	153,900	-	0.0%
Membership Fees	2,000	2,000	-	0.0%
General & Administrative Contracts	814,800	814,800	-	0.0%
Telephone	16,300	16,700	400	2.5%
Mileage Reimbursement	4,000	4,400	400	10.0%
Training	11,800	12,300	500	4.2%
General Office Supplies	69,900	73,400	3,500	5.0%
<b>TOTAL</b>	<b>\$ 1,537,000</b>	<b>\$ 1,300,300</b>	<b>\$ (236,700)</b>	<b>-15.4%</b>

- The most significant change in operating expenses is a decrease between the FY 2018 Approved Budget and the FY 2019 Proposed Budget for Office Automation charges (\$241,500 decrease) due to a change in methodology.

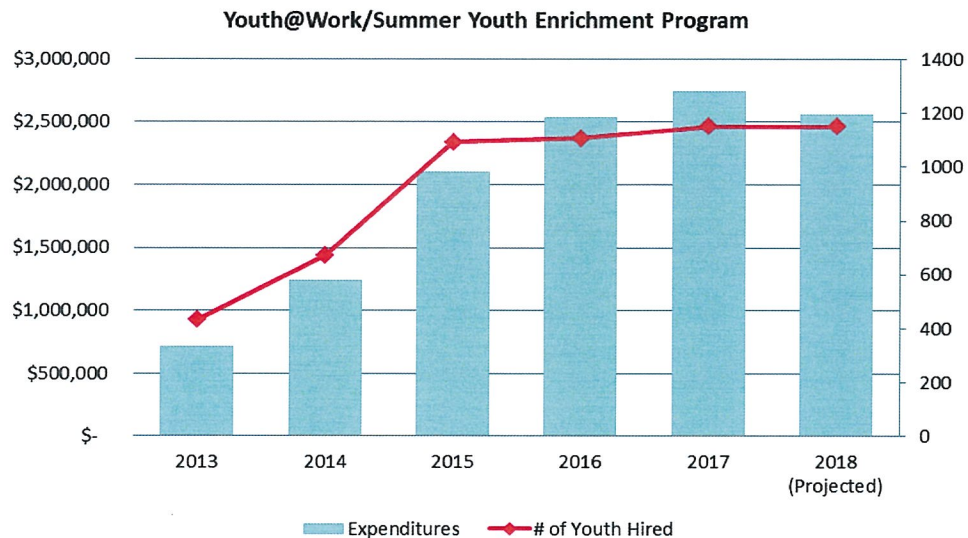
### **Recoveries**

- The Office receives recoveries from other funds for employee salaries and administrative functions related to health benefit and pension plans offered to current employees and retirees.
- A breakdown of FY 2019 proposed recoveries is as follows:
  - Pension Funds                      \$930,500
  - Life and Health                      779,700
  - Risk Management                      131,700
- Projected recoveries for FY 2019 total \$1,841,900, a decrease of \$315,300, or 14.6%, below the FY 2018 budgeted level, due to a decline in staff recoveries associated with the implementation of the Enterprise Resource Planning (ERP)/SAP Human Resource Program. Full implementation of the HR module is anticipated by the end of FY 2018.

### **Highlights**

- During the summer of 2017, the Office's Youth@Work/Summer Youth Enrichment Program (SYEP) provided job placement opportunities for a total of 3,132 youth (of which 1,166 were placed in County-funded positions). The total cost incurred for the 2017 program was \$2.7 million.
- The Office plans to offer employment opportunities to approximately 3,200 youth in the summer of 2018. County funds allocated in FY 2019 for this program are \$2.6 million, which includes orientation/training, supplies and copies for orientation material, and funding to employ approximately 1,200 youth in County-funded positions. The Office continues to partner with the Prince George's Community College to provide comprehensive job readiness training for participants, which includes customer service skills, standards for conduct, punctuality, attendance, and professional attire. In 2017, 1,043 youth registered for the job readiness training sessions.
- The Office will continue to partner with other public and private organizations to provide employment opportunities to the County's youth, in addition to the summer job opportunities provided within County Government. In FY 2018, the Office began focusing on increasing the number of public and private sector partnerships, in an effort to ensure a variety of experiences are offered to the County's youth. New corporate partnerships formed for 2017 and for the upcoming summer include MGM National Harbor, Kaiser Permanente, Schuster Construction, and Target.

- As shown in the graph below, the program has seen an increase in participation from 431 youth in 2013 to a projected 1,200 youth in County-funded positions in the summer of 2018.



- The Office continues to support County agencies by negotiating competitive contracts for unionized employees through collective bargaining. During FY 2018, the Office finalized and implemented contracts for all of the County's collective bargaining groups effective July 1, 2016 through June 30, 2018. In FY 2019, ten labor union contracts are scheduled for renegotiation. Negotiations for two-year contracts for the period ending June 30, 2020 are currently underway for all unions. While the County's Labor Code requires contracts to be negotiated by March 1, the Office anticipates negotiations will continue through the end of the fiscal year.
- Fringe benefit costs for the public safety agencies are relatively high, mainly due to pension costs, escalating health care costs, and risk management, as reported by the Office. (See chart below for a five-year comparison of fringe rates for the public safety agencies.) Given the historical increase in fringe benefit costs over the years, one of the Office's top priorities in FY 2019 is to continue reviewing and administering the retiree pension and benefit programs, with strategic focus on identifying reforms that improve the sustainability of County funds. The Office continues to work in collaboration with the Office of Management and Budget, the Office of Finance, the Office of the County Executive, and actuarial companies, consultants, and health care providers to develop long-term strategies to mitigate the growth of fringe costs.

Public Safety Agency	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Proposed
Police Department	57.9%	56.3%	56.3%	55.8%	56.8%
Fire/EMS Department	70.0%	71.0%	71.5%	72.3%	72.6%
Office of the Sheriff	58.6%	60.3%	59.7%	59.7%	59.4%
Department of Corrections	44.0%	45.5%	45.6%	47.0%	47.4%

- One of the Office's top priorities in FY 2019 is the successful implementation of the SAP SuccessFactors modules. OHRM reported that it is launching the SAP SuccessFactors pilot with its Office and the Office of Information Technology (OIT) in May 2018. The pilot will include the Learning Management System (LMS) and Performance and Goals (P&G) modules. Implementation of the Learning Management System will allow OHRM to better track training participation and employee competency development. Additionally, employees will have expanded opportunities for online learning. The Performance and Goals module automates the performance evaluation process. The Office anticipates implementation of LMS to all County users before the end of calendar year 2018. Full implementation of P&G is planned for fiscal year FY 2019.
- In FY 2019, OHRM will work with OIT and the Executive Steering Committee to schedule implementation for the remaining SAP SuccessFactors modules, which include succession planning and employee central.
- OHRM reported that it has three full-time Classification Analysts to conduct position audits and classification studies. Over the last two fiscal years, the Office reported that it performed numerous classification studies including studies for the Forensic Chemist, Fingerprint Specialist/Assistants, Human Resources Analysts, Budget Management Analysts, Accountant, and Liquor Inspector classes of work.
- During FY 2018, the Office continued contracting services for a Medical Review Officer and has extended the contract through the end of FY 2019, with proposed funding in the amount of \$70,000. The position aids the Office with managing disability leave costs by facilitating the timely return of employees to work. The County experienced a significant decrease in disability leave usage and costs during the last calendar year, as shown in the chart below. A breakout of the disability leave usage and costs for CY 2017, by agency, can be found in the 1<sup>st</sup> Round Questions, Attachment B.

	CY 2014	CY 2015	CY 2016	CY 2017	Change Amount (CY16 to CY17)
Number of Employees	337	331	289	214	(75)
Hours Used	40,425	22,607	35,070	17,152	(17,918)
Amount Paid	\$ 1,314,196	\$ 741,921	\$ 1,252,058	\$ 568,617	(683,441)

- The County's Wellness Program encourages County employees and retirees to improve their overall health through health and wellness-related activities and education, with the hope that this will eventually reduce overall health benefit costs. The Office plans to offer approximately 35 wellness activities by the end of FY 2018 and 40 in FY 2019, and will utilize the data obtained from health benefit vendors and online health assessments to strategically plan future wellness program offerings for County employees. The Office also plans to develop a long-term plan for the Wellness Program, including strategies to encourage participation from retirees and eligible dependents in wellness initiatives and objectives and statistical measures to quantify return on its investment.



- The Office reported that House Bill 1 (HB 1), which passed the Maryland General Assembly and was enacted in January 2018, will have a significant operational and fiscal impact on the County. The bill requires employers to provide certain categories of workers with 40 hours of paid or unpaid sick and safe leave to be used for specific reasons outlined in the bill. As a result, the County will be required to give paid sick and safe leave to eligible 1000-hour employees, personal service contractors and temporary/seasonal employees.
- The Office is reporting that the potential fiscal impact of this law for those personnel paid through personal services contracts, should they use the 40 hours of leave allowed, is \$40,928 per year. OHRM is working with the Office of Law to determine whether grantors are required to pay for sick/safe leave, or if the County will have to fund this requirement, for for Limited Term Grant Funded (LTGF) employees. The potential fiscal impact to the County for LTGF employees, if it is determined that grantors cannot be required to fund this leave, is approximately \$309,898 per year. OHRM will work with the Office of Finance and the Office of Management and Budget (OMB) to develop the appropriate policies and procedures to ensure the County is in compliance with the new law.
- Agency satisfaction with the recruitment process continues to be one of the Office's top priorities. The Office reported significant reductions in the average number of days to fill vacancies since FY 2009, due to the use of improved technology. In an effort to further improve service to County agencies, the Office shifted its performance focus to agency satisfaction with the quality of candidates available to fill vacant positions and the overall recruitment process.
- In FY 2019, the Office plans to continue to focus on creating strategic recruitment strategies with the public safety agencies, with the goal of attracting the most talented applicants and increasing the diversity of the applicant pool to ensure the face of the County's public safety agencies mirror the County's population. In collaboration with the five (5) public safety agencies, the Office reported that it prepared a strategic public safety recruitment plan, including hosting monthly public safety recruiters' meetings to exchange ideas and best practices, and sharing the status of various recruitment initiatives with the Directors and Chiefs at its quarterly public safety meetings. The Office's strategic approach to recruitment includes hosting combined public safety recruitment fairs in the Northern area of the County, collaborating with the National Collegiate Athletic Association (NCAA), local universities, and military bases, and advertising on LinkedIn and Indeed.
- During FY 2018, the Office further expanded its pilot of the automated Position Review Board (PRB) process with several County agencies including the Department of Corrections and the Department of Permitting, Inspections and Enforcement. The Office reported that the automated process has improved the ability for agencies to create and/or reallocate positions without waiting for the monthly PRB meeting, therefore expediting the approval process for those positions. The automated PRB process has not been fully implemented, as the Office is working with agencies to address technical issues with the SAP/NEOGOV interface. The Office hopes these issues will be resolved by providing individualized training to HR Liaisons.