



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 2, 2019

MEMORANDUM

TO: Derrick L. Davis, Chair
Government Operations and Fiscal Policy (GOFP)

THRU: David H. Van Dyke, County Auditor *DHV*
Turkessa M. Green, Deputy County Auditor *TMG*

FROM: Jisun Ahn, Staff Auditor *JA*

RE: Office of Human Resources Management (OHRM)
Fiscal Year 2020 Budget Review

Budget Overview

The FY 2020 Proposed Budget for the Office of Human Resources Management is \$9,585,600. This is an increase of \$1,999,300, or 26.4%, above the FY 2019 Approved Budget. The increase is largely due to an increase in pre-employment medical and random drug testing and merit increases, offset by an increase in anticipated recoveries. The Office's expenditures are funded entirely by the General Fund, other than the Recoveries.

The FY 2019 estimated total General Fund expenditures are \$7,384,400, which is 2.7% below the FY 2019 budgeted level.

Budget Comparison - General Fund

Approved Fiscal Year 2019 to Proposed Fiscal Year 2020

Category	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimated	% Change - Est vs App	FY 2020 Proposed	\$ Change	% Change
Compensation	\$ 5,656,177	\$ 6,544,100	\$ 6,215,200	-5.0%	\$ 6,969,500	\$ 425,400	6.5%
Fringe Benefits	1,383,798	1,583,800	1,585,100	0.1%	1,777,200	193,400	12.2%
Operating Expenses	1,262,639	1,300,300	1,391,700	7.0%	3,234,100	1,933,800	148.7%
Sub-Total	\$ 8,302,614	\$ 9,428,200	\$ 9,192,000	-2.5%	\$ 11,980,800	\$ 2,552,600	27.1%
Recoveries	(1,536,505)	(1,841,900)	(1,807,600)	-1.9%	(2,395,200)	(553,300)	30.0%
Total	\$ 6,766,109	\$ 7,586,300	\$ 7,384,400	-2.7%	\$ 9,585,600	\$ 1,999,300	26.4%

Authorized Staffing Count - General Fund

	FY 2019 Approved	FY 2020 Proposed	Change Amount	Percentage Change
Full-Time	69	69	0	0.0%
Total	69	69	0	0.0%

Staffing Changes and Compensation

- FY 2020 General Fund compensation is proposed at \$6,969,500, an increase of \$425,400, or 6.5%, above the FY 2019 approved amount. The increase in compensation is primarily due to anticipated cost-of-living adjustments and merit increases for eligible employees.
- The Proposed FY 2020 staffing level remains unchanged at 69 full-time positions.
- As of March 28, 2019, the Office reported eight (8) vacant full-time positions. The Office reported that it is actively recruiting for all its vacant positions.
- Twenty-one (21) positions have been assigned to the Office from various other agencies. The compensation amount for these positions is approximately \$1.5 million. These employees assist in the management and processing of background investigation case files. A summary of these employees is as follows:

Agency	# of Employees Assigned to OHRM
Police Department	11
Department of Corrections	2
Office of the Sheriff	1
Fire Department	5
Office of Homeland Security	2
TOTAL	21

- The Office reported that its current rate of attrition is 4.3%. The Office cites the key factor contributing to the current attrition level is retirement.
- The following table provides the Office's rate of attrition for the last five fiscal years:

Attrition Rate - Historical Trend					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 (YTD)
# of Separations	1	2	9	5	3
# of Authorized Positions	65	65	65	68	69
Rate of Attrition	1.5%	3.1%	13.8%	7.4%	4.3%

Source: Responses to 1st Round Questions provided to A&I during respective budget reviews.

Fringe Benefits

- FY 2020 Fringe Benefits are proposed at \$1,777,200, an increase of \$193,400, or 12.2%, above the FY 2019 approved level, to align with compensation adjustments and a change in the fringe benefit rate.
- A five-year trend analysis of fringe benefit expenditures is included below.

Fringe Benefits Historical Trend					
	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Proposed
Fringe Benefit Expenditures	\$ 1,360,105	\$ 1,233,936	\$ 1,383,798	\$ 1,585,100	\$ 1,777,200
As a % of Compensation	27.8%	25.7%	24.5%	25.5%	25.5%
Annual % Change	3.2%	-9.3%	12.1%	14.5%	12.1%

Operating Expenses

- FY 2020 operating expenses are proposed at \$3,234,100 and are comprised of the following major items:
 - General and Administrative Contracts \$2,390,100
 - Operating Contracts \$459,200
 - Office Automation \$258,600
 - General Office Supplies \$72,900
 - Telephone \$16,800
- Overall, operating expenses are increasing by \$1,933,800, or 148.7%, above the FY 2019 approved level. The accompanying table compares the FY 2020 Proposed Budget operating expenditures with the FY 2019 Approved Budget operating expenditures. In seven (7) of the categories, the FY 2020 Proposed Budget increases planned spending compared to the FY 2019 budget. In one (1) category, the FY 2020 Proposed Budget decreases planned spending. The FY 2020 Proposed Budget remains unchanged for two (2) categories compared to the FY 2019 budget.

Operating Objects	FY 2019 Budget	FY 2020 Proposed	FY 2019 - FY 2020	
			\$ Change	% Change
General & Administrative Contracts	\$ 814,800	\$ 2,390,100	\$ 1,575,300	193.3%
Operating Contracts	153,900	459,200	305,300	198.4%
Office Automation	211,500	258,600	47,100	22.3%
Mileage Reimbursement	4,400	9,200	4,800	109.1%
Training	12,300	13,900	1,600	13.0%
Telephone	16,700	16,800	100	0.6%
Printing	10,000	10,100	100	1.0%
Membership Fees	2,000	2,000	-	0.0%
Periodicals	1,300	1,300	-	0.0%
General Office Supplies	73,400	72,900	(500)	-0.7%
TOTAL	\$ 1,300,300	\$ 3,234,100	\$ 1,933,800	148.7%

- The most significant change is in General & Administrative Contracts, largely due to a consolidation of the Public Safety Examination contracts for medical and random drug testing, which were previously budgeted in the various public safety agencies.

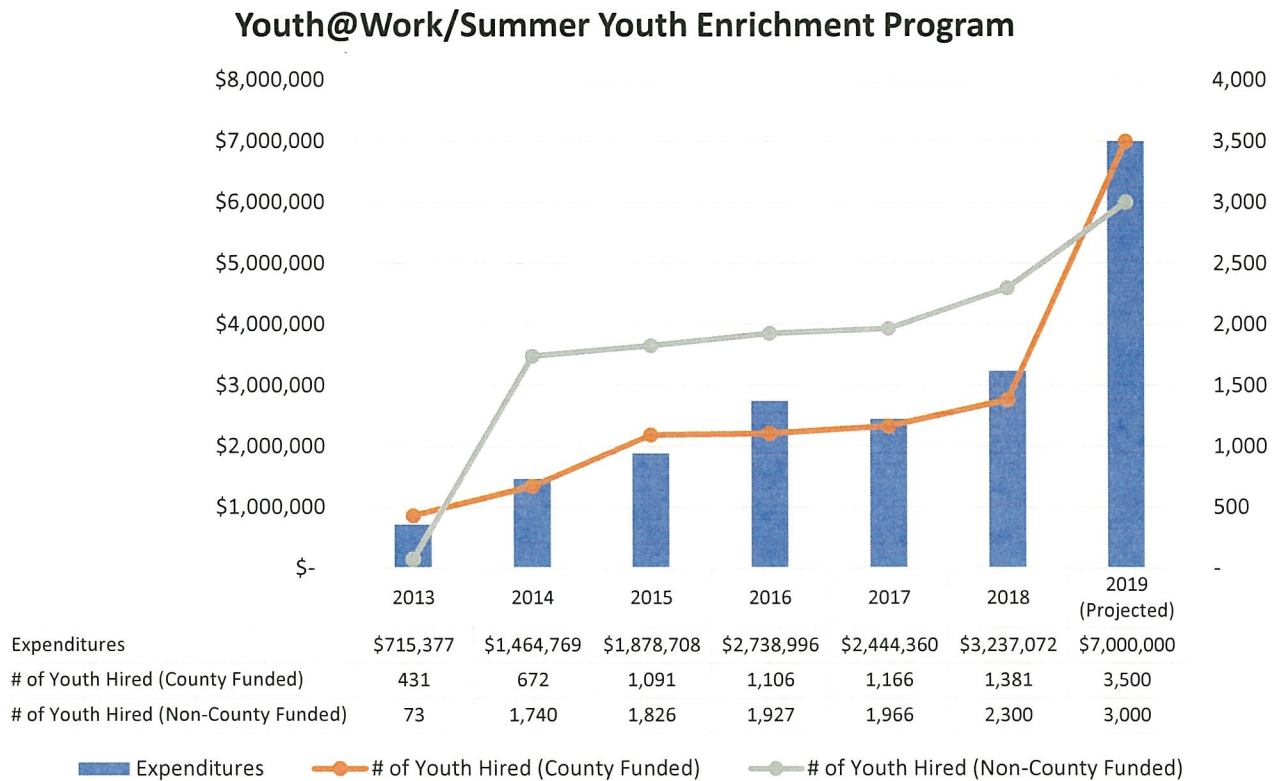
Recoveries

- 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.
- Projected recoveries for FY 2020 total \$2,395,200, an increase of \$553,300, or 30.0%, above the FY 2019 budgeted level, due to an increase in compensation and fringe benefits.
- A breakdown of FY 2020 proposed recoveries is as follows:
 - Pension Funds \$1,239,100
 - Life and Health 1,015,800
 - Risk Management 140,300

Highlights

- During the summer of 2018, the Office's Youth@Work/Summer Youth Enrichment Program (SYEP) provided job placement opportunities for a total of 3,681 youth (of which 1,381 were placed in County-funded positions). The total cost incurred for the 2018 program was \$3.2 million.
- The Office plans to offer employment opportunities to approximately 6,500 youth in the summer of 2019. County funds allocated in FY 2020 in the Non-Departmental budget for this program are \$7.0 million, which includes orientation/training, supplies and copies for orientation material, and funding to employ approximately 3,500 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 2018, 1,521 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 2019, the Office partnered with Employ Prince George's to bring new organizations to the program. *Please refer to FY 2020 Second Round Responses No. 4 for a complete list of new organizations.*

- As shown in the graph below, the program has seen an increase in participation from 431 youth in 2013 to a projected 3,500 youth in County-funded positions in the summer of 2019.



- 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 the County's collective bargaining groups effective July 1, 2016 through June 30, 2019. In FY 2020, ten (10) labor union contracts are scheduled for renegotiation. The County's Labor Code requires contracts to be negotiated by March 1.
- 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 the 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 2020 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.

Public Safety Agency	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Proposed
Police Department	56.3%	56.3%	57.1%	60.1%	58.2%
Fire/EMS Department	71.0%	71.5%	70.1%	69.2%	72.8%
Office of the Sheriff	60.3%	59.7%	61.0%	58.7%	62.2%
Department of Corrections	45.5%	45.6%	46.0%	47.4%	47.9%

- The Office reported that one of its key accomplishments in FY 2019 was the implementation of the SuccessFactors Learning Management System, which automates training registration and course transcripts, and provides opportunities for online learning. The LMS is currently used to provide online employee training for the Kronos (new electronic time and attendance system) rollout Countywide. OHRM is launching additional training this spring to provide employees with more information on how to view course catalogs and register for online and in-person courses through the LMS.
- One of the Office's top priorities in FY 2020 is the successful implementation of other SAP SuccessFactors modules, including Performance Management and Goals Management. The Office reported that the initial configuration for the Performance Management and Goals Management module is complete, providing for an automated, goal-based performance template. The next steps are to build out competencies aligned with each class of work before beginning the County-wide rollout. In FY 2020, OHRM will begin implementation for the Employee Central (human resource information system) module of SuccessFactors. OHRM anticipates completion of this module and implementation of Succession Planning in FY 2021.
- In FY 2018 and FY 2019, the Office reported that it performed numerous classification studies including studies for the Liquor Inspectors, Crew Supervisors, Equipment Operators, Planners, Forensic Chemists, and other classes of work. Benchmarking compensation is also conducted at the time of the classification study to provide insight and recommendations as to whether the County's current compensation structure, policies and practices are effective or need to be adjusted. A detailed classification/compensation study can take 90-180 days to complete, depending on the complexity.
- During FY 2019, the Office continued contracting services for a Medical Review Officer and has extended the contract through the end of FY 2020, 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 an increase in disability leave usage and costs during the last calendar year, as shown in the chart below. A breakout of disability leave usage and costs for CY 2018, by agency, can be found in the *FY 2020 Second Round Responses Attachment C*.

	CY 2015	CY 2016	CY 2017	CY 2018	Change Amount (CY17 to CY18)
Number of Employees	331	289	214	371	157
Hours Used	22,607	35,070	17,152	30,623	13,471
Amount Paid	\$ 741,921	\$ 1,252,058	\$ 568,617	\$ 1,080,815	512,198

- 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 36 wellness activities by the end of FY 2019, and 37 in FY 2020, and will utilize the data obtained from program feedback and data from an online health assessment campaign to strategically plan future wellness program offerings for County employees and retirees. The Office will continue to partner with other County agencies and health benefit providers to inform employees about seminars and events. The Office reported that the County's Wellness Program received the 2018 Healthiest Maryland Business Silver Level Award for achievements to support employee health.

- The Office reported that the minimum wage bill, which passed the Maryland General Assembly, will have a significant operational and fiscal impact on the County. The bill eliminates the sub-minimum wage exceptions, which would impact wages paid to 14- and 15-year old youth in SYEP. As a result, OHRM will provide a stipend for 14- and 15-year-old County-funded youth who will be participating in paid capstone training during their summer experience. Any 15-year-old participant placed into a SYEP partner job site will be paid the County minimum wage. *Please refer to FY 2020 Second Round Responses No. 5 and Attachment B for specifics on stipends and pay.*
- Agency satisfaction with the recruitment process continues to be one of the Office's top priorities. To further improve service to County agencies, the Director of OHRM met with each Agency Director to receive feedback on the services provided by OHRM. The Director also meets regularly with the HR community to provide an additional channel for feedback on OHRM services.
- In FY 2020, in an effort to improve the recruitment and hiring process, the Office plans to focus on implementing new software/technology and optimizing existing technology. The Recruitment, Examination and Classification (REC) Division is working with HR Liaisons to ensure that NEOGOV (human resources software) workflows and tools are fully utilized. REC has also enforced a maximum 2-week review of applications and certificates forwarded to hiring agencies. REC is working with NEOGOV to obtain additional training for OHRM Recruitment Analysts and HR Liaisons, developing policies and guidance for the HR community to ensure processes are being followed, and notifying HR staff when deadlines are missed. Additionally, the Public Safety Investigations (PSI) Division is researching available technology to reduce investigative turnaround time.
- The Office also 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 marketing events at civic associations, town hall meetings, etc.
- The Office reported that training on the automated Position Review Board (PRB) process, which has improved the ability for agencies to create and/or reallocate positions without waiting for the monthly PRB meeting, has been provided to most agencies, with the exception of the Circuit Court and the County Council. All new position creations and upward position reallocations are currently submitted via the automated PRB process. The Office is currently developing an automated "Fast Track/Non-PRB" process for the remaining paper-based approvals.
- Consumer experience with OHRM services will be a priority. The Office will improve responses to customers by reviewing and rebranding Agency communication strategies and developing a more robust website with assistance from the newly hired Public Information Officer.
- One of the critical issues that the Office reported it will face over the next three years is the selection of health benefit plan options which meet the healthcare needs of employees, retirees, and their eligible dependents, at an affordable cost. The Office noted that historically, the County

has applied a higher premium rate for non-union retirees for some benefits, compared to the rates applied for active employees and union retirees, based on the assumption that retirees incur high prescription costs. OHRM will explore ways to bring equity to premium payments. The Office reported that the County's current prescription contract ends 12/31/20, and the medical contracts as well as the public safety examination contracts, will expire on 12/31/2021. *For a list of these contracts, which were previously approved by the County Council, please refer to FY 2020 First Round Responses No. 15.*