



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 9, 2017

MEMORANDUM

TO: Dannielle M. Glaros, Chair
Public Safety and Fiscal Management Committee (PSFM)

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

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

RE: Office of Human Resources Management (OHRM)
Fiscal Year 2018 Budget Review

Budget Overview

The FY 2018 Proposed Budget for the Office of Human Resources Management is \$7,065,800. This is an increase of \$932,100, or 15.2%, above the FY 2017 Approved Budget. The increase is largely due to the transfer of the public safety examination function from various public safety agencies to OHRM. The Office's expenditures are funded entirely by the General Fund.

The FY 2017 estimated total General Fund expenditures are \$5,877,500, which is 4.2% below the FY 2017 budgeted level.

Budget Comparison - General Fund

Approved Fiscal Year 2017 to Proposed Fiscal Year 2018

Category	FY 2016 Actual	FY 2017 Approved	FY 2017 Estimated	% Change - Est vs App	FY 2018 Proposed	\$ Change	% Change
Compensation	\$ 4,900,476	\$ 5,418,400	\$ 5,389,800	-0.5%	\$ 6,002,800	\$ 584,400	10.8%
Fringe Benefits	1,360,105	1,608,200	1,380,600	-14.2%	1,375,500	(232,700)	-14.5%
Operating Expenses	908,495	1,083,100	1,083,100	0.0%	1,844,700	761,600	70.3%
Sub-Total	\$ 7,169,076	\$ 8,109,700	\$ 7,853,500	-3.2%	\$ 9,223,000	\$ 1,113,300	13.7%
Recoveries	(2,061,356)	(1,976,000)	(1,976,000)	0.0%	(2,157,200)	(181,200)	9.2%
Total	\$ 5,107,720	\$ 6,133,700	\$ 5,877,500	-4.2%	\$ 7,065,800	\$ 932,100	15.2%

Authorized Staffing Count - General Fund

	FY 2017 Approved	FY 2018 Proposed	Change Amount	Percentage Change
Full-Time	65	66	1	1.5%
Total	65	66	1	1.5%

Staffing Changes and Compensation

- FY 2018 General Fund compensation is proposed at \$6,002,800, an increase of \$584,400, or 10.8%, above the FY 2017 approved amount. The increase in compensation is primarily due to the addition of one new position to perform pension administration functions, an increase in the number of contractual employees (public safety investigators), anticipated cost-of-living adjustments, and merit increases for eligible employees.
- The Proposed FY 2018 staffing level is 66 full-time positions, an increase of one position compared to the approved FY 2017 level. As of March 17, 2017, the Office reported 13 vacant full-time positions. The Office reported that one position was filled on May 1st and that it is actively recruiting for the remaining 12 positions.
- Fifteen (15) positions have been assigned to the Office from various other agencies. The compensation amount for the 15 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:

Agency	# of Employees Assigned to OHRM
Police Department	9
Department of Corrections	3
Office of the Sheriff	1
Fire Department	1
Office of Homeland Security	1
TOTAL	15

Fringe Benefits

- FY 2018 Fringe Benefits are proposed at \$1,375,500, a decrease of \$232,700, or 14.5%, below the FY 2017 approved level, to align with actual expenditures.
- A five-year trend analysis of fringe benefit expenditures is included below.

Fringe Benefits Historical Trend					
	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Proposed
Fringe Benefit Expenditures	\$1,301,172	\$1,317,315	\$1,360,105	\$1,380,600	\$1,375,500
As a % of Compensation	28.0%	27.3%	27.8%	25.6%	22.9%
Annual % Change	-	1.2%	3.2%	1.5%	-0.4%

Operating Expenses

- FY 2018 operating expenses are proposed at \$1,844,700 and are comprised of the following major items:

• Gen. and Admin. Contracts	\$1,212,300
• Office Automation	453,000
• Operational Contracts	73,900
• Operating and Office Supplies	60,100
• Telephones	16,300

- Overall, operating expenses are increasing by \$761,600, or 70.3%, above the FY 2017 approved level. The accompanying table compares the FY 2018 Proposed Budget operating expenditures with the FY 2017 Approved Budget operating expenditures. In seven (7) of the categories, the FY 2018 Proposed Budget increases planned spending compared to the FY 2017 budget. In one (1) category, the FY 2018 Proposed Budget decreases planned spending. The FY 2018 Proposed Budget remains unchanged for two (2) categories compared to the FY 2017 budget.

Operating Objects	FY 2017 Budget	FY 2018 Proposed	FY 2017 - FY 2018	
			\$ Change	% Change
General & Administrative Contracts	\$ 460,700	\$ 1,212,300	\$ 751,600	163.1%
Operating Contracts	67,900	73,900	6,000	8.8%
Training	9,400	11,800	2,400	25.5%
Periodicals	-	1,300	1,300	N/A
Mileage Reimbursement	3,000	4,000	1,000	33.3%
Telephone	16,100	16,300	200	1.2%
General Office Supplies	60,000	60,100	100	0.2%
Office Automation	453,000	453,000	-	0.0%
Membership Fees	2,000	2,000	-	0.0%
Printing	11,000	10,000	(1,000)	-9.1%
TOTAL	\$ 1,083,100	\$ 1,844,700	\$ 761,600	70.3%

- The most significant dollar increase between the FY 2018 Proposed Budget and the FY 2017 Approved Budget is General & Administrative Contracts (\$751,600 increase) as a result of consolidating the public safety examination contracts.
- The most significant decrease between the FY 2018 Proposed Budget and the FY 2017 Approved Budget is in Printing (\$1,000 decrease) to align with actual expenditures.

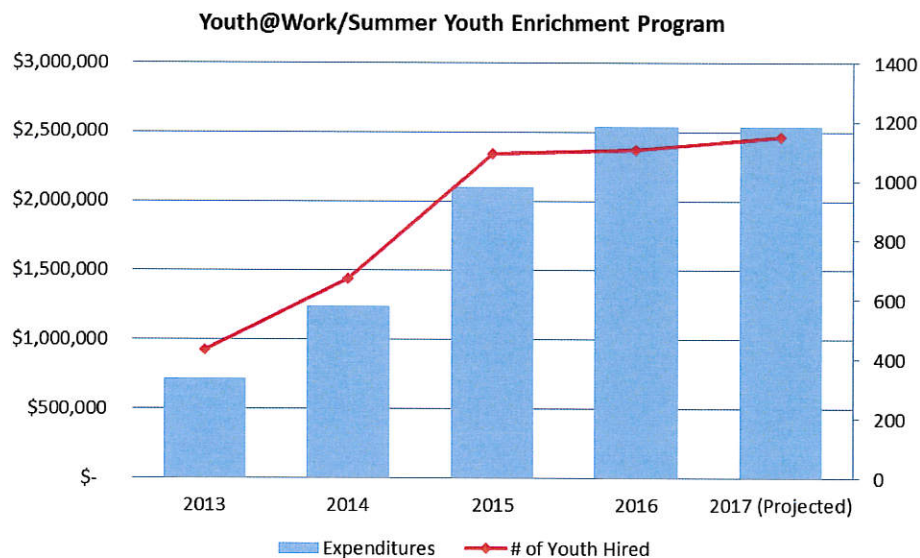
Recoveries

- Projected recoveries for FY 2018 total \$2,157,200, an increase of \$181,200, or 9.2%, above the FY 2017 budgeted level. 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, as well as the Enterprise Resource Planning (ERP)/SAP implementation.

- A breakdown of FY 2018 proposed recoveries is as follows:
 - Pension Funds \$1,027,900
 - Life and Health 866,500
 - Risk Management 131,500
 - ERP 131,300

Highlights

- During the summer of 2016, the Office's Youth@Work/Summer Youth Enrichment Program (SYEP) provided job placement opportunities for a total of 3,033 youth (of which 1,106 youth were hired for County Government positions). The total cost incurred for the 2016 program was \$2.5 million.
- The Office plans to hire approximately 1,150 youth in the summer of 2017. County funds allocated in FY 2018 for this program are \$2.5 million, which includes orientation/training, supplies and copies for orientation material, and funding to employ youth in County Government positions. The Office has also partnered with the Prince George's Community College and Prince George's County Public Schools to provide comprehensive job readiness training for participants. The Office reported that 1,000 youth have registered for the Job Readiness Training Program this year.
- 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. The Office's focus for FY 2018 is increasing the number of public and private sector partnerships, in an effort to ensure a variety of experience, such as STEM, are offered to the County's youth. Its goal is to provide an additional 1,850 youth with employment through these partnerships in the summer of 2017.
- As shown in the graph below, the program has seen an increase in participation from 431 youth in 2013 to a projected 1,150 youth in County Government positions in the summer of 2017.



- In FY 2017, ten labor union contracts were scheduled for renegotiation. As of April 6, 2017, the County had settled agreements with five (5) of the County's collective bargaining groups for contracts beginning July 1, 2016 through June 30, 2018. The Office reported that it hoped to wrap up negotiations for the remaining five (5) labor groups by the end of the fiscal year. (See page 9 of responses to First Round Questions #23.)
- 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 four-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 2018 is to review and administer 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 Estimated	FY 2018 Proposed
Police Department	57.9%	56.3%	59.6%	57.7%
Fire/EMS Department	70.0%	71.0%	73.6%	72.3%
Office of the Sheriff	58.6%	60.3%	58.7%	58.8%
Department of Corrections	44.0%	45.5%	46.5%	47.1%

- During FY 2017, in an effort to reform and improve the sustainability of the County's benefits program, the Office successfully implemented the Employer Group Waiver Plan (EGWP) with a wraparound supplemental prescription plan. By implementing an EGWP, the Office hopes to lower the County's benefit costs.
- During FY 2017, the Office successfully implemented PensionGold in SAP, to provide greater levels of self-service to members, as well as to reduce administrative costs. Wave 3A went live on July 1, 2016 and includes a Member Direct portal which allows retirees to update their tax, direct deposit, and address information, as well as view their paystubs and Form 1099-R.
- The Office reported that it is scheduled to begin planning for Wave 3 of SAP implementation in spring 2017. Modules included in Wave 3 are performance and goals, succession planning and the Learning Management System. Based on the response provided by the Office of Information Technology, the anticipated start date for Wave 3 implementation is May 2017 and the anticipated completion date is March 2018. With Wave 3, the Office is reporting that it will be able to better track training participation and employee competency development.
- OHRM reported that it has one full-time Classification Analyst and is currently recruiting for two additional 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 Engineer, Property Standards Inspector, Equipment Operator, Crew Supervisor, and Police Officer classes of work. Studies for the Personnel Analyst and Personnel Aide class series were in progress, as of April 6, 2017. Beginning in FY 2018, the Office plans to review the Fire Fighter, Correctional Officer, Deputy Sheriff and Paramedic classes of work to assist agencies with the realignment of their mission.

- During FY 2017, the Office continued contracting services for a Medical Review Officer and has extended the contract through the end of FY 2018, 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 the disability leave usage and costs for CY 2016, by agency, can be found in the 1st Round Questions, page 12.

	CY 2014	CY 2015	CY 2016	Change Amount (CY15 to CY16)	% Change (CY15 to CY16)
Number of Employees	337	331	289	(42)	-13%
Hours Used	40,425	22,607	35,070	12,463	55%
Amount Paid	\$ 1,314,196	\$ 741,921	\$ 1,252,058	510,137	69%

- The County's Wellness Program encourages County employees and retirees to improve their overall health through education and a variety of activities, with the hope that this will eventually reduce overall health benefit costs. The Office plans to offer approximately 27 wellness activities by the end of FY 2017 and 35 in FY 2018, and will utilize the data obtained from health benefit vendors and online health assessments to strategically plan future wellness program offerings. The Office hopes to improve the number of County employees attending all of its wellness programs from an estimated 2,250 in FY 2017, to 2,500 participants in FY 2018.
- 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 2018, the Office plans to focus on creating strategic recruitment strategies with the public safety agencies, with the goal of attracting the most talented and increasing the diversity of the applicant pool to ensure the face of the County's public safety agencies mirror the County's population. During FY 2017, the Office reported that it met with each public safety agency to develop a strategic recruitment plan. A draft of this plan is included as Attachment 1 of the 2nd Round Questions.
- Additionally, the Office plans to automate the position management function and streamline the hiring process through the ERP system. During FY 2017, the Office initiated a pilot of the automated Position Review Board process with the Office of the State's Attorney, Health Department, Department of the Environment, and the Police Department. The Office further expanded this pilot to other County agencies including the Department of Corrections and the Department of Permitting, Inspections and Enforcement.