

**D27L00**  
**Maryland Commission on Human Relations**

***Operating Budget Data***

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(\$ in Thousands)

	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 03 - 04</b>	<b>FY 03 - 04</b>
	<u>Actual</u>	<u>Approp.</u>	<u>Allowance</u>	<u>Change</u>	<u>% Change</u>
General Funds	\$2,748	\$2,524	\$2,623	\$99	3.9%
Contingent & Back of Bill Reductions	0	-3	-14	-12	
<b>Adjusted General Funds</b>	<b>\$2,748</b>	<b>\$2,521</b>	<b>\$2,608</b>	<b>\$87</b>	<b>3.5%</b>
Federal Funds	\$749	\$555	\$827	\$272	49.0%
Contingent & Back of Bill Reductions	0	-1	-3	-3	
<b>Adjusted Federal Funds</b>	<b>\$749</b>	<b>\$555</b>	<b>\$824</b>	<b>\$269</b>	<b>48.5%</b>
<b>Adjusted Grand Total</b>	<b>\$3,497</b>	<b>\$3,075</b>	<b>\$3,432</b>	<b>\$357</b>	<b>11.6%</b>

- The allowance includes \$290,900 in turnover relief.
- The fiscal 2004 allowance includes \$50,000 for implementation of a 2002 law requiring the commission by July 2004 to translate materials for individuals with limited English proficiency.

***Personnel Data***

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	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	53.50	50.50	50.50	0.00
Contractual FTEs	3.00	2.00	2.00	0.00
<b>Total Personnel</b>	<b>56.50</b>	<b>52.50</b>	<b>52.50</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Budgeted Turnover: FY 04	2.53	5.00%
Positions Vacant as of 12/31/02	0.00	0.00%

- The fiscal 2004 allowance does not include any personnel changes.

## ***Analysis in Brief***

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### **Major Trends**

***Commission on Human Relations Becoming More Proactive Organization:*** Through its mediation and systemic investigations initiatives, the commission is improving its capacity to resolve complaints without formal hearings or litigation and identify instances and impacts of systemic discrimination.

### **Recommended Actions**

1. Concur with Governor's allowance.

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***Operating Budget Analysis***

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**Program Description**

The Commission on Human Relations (CHR) consists of nine members appointed by the Governor with the consent of the Senate. The commission resolves allegations of discrimination based on race, color, creed, ancestry, religion, sex, age, sexual orientation, national origin, marital status, genetic information, and physical or mental disability in employment, housing, and public accommodations. The commission uses conciliation, mediation, investigation, and litigation to resolve these complaints. The commission cooperates with federal, State, local, and private agencies with similar jurisdictions or interests.

The key goals of CHR are:

- to improve equal opportunity in Maryland through its case processing;
- reduce, eliminate, or resolve unlawful discrimination; and
- educate the community about discrimination to remove unlawful barriers to equal opportunity and promote positive human relations in the State.

**Performance Analysis: Managing for Results**

**Exhibit 1** provides some performance indicators, intended to capture CHR's success at meeting its stated goals. According to its performance data, the Commission on Human Relations is making slow but steady progress in its efforts to become a more proactive agency.

**Exhibit 1**

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**Performance Measurement Data  
Maryland Commission on Human Relations  
Fiscal 2001 through 2004**

	<b><u>FY 01</u></b>	<b><u>FY 02</u></b>	<b><u>FY 03</u></b>	<b><u>FY 04</u></b>	<b><u>% Annual</u></b> <b><u>Change</u></b> <b><u>FY 01-04</u></b>
% of complainants electing mediation	8%	13%	16%	24%	44%
% of mediated complaints resolved through mediation	32%	42%	50%	55%	20%
# of systemic investigations* completed	3	3	4	4	10%
# of studies of discrimination in major industries	2	1	1	1	-21%

\*Systemic investigation refers to an investigation in which all related complaints and allegations against the same respondent are consolidated.

Source: Maryland Commission on Human Relations

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Over the past several years, the commission has invested significant time and effort in developing a stronger mediation program. The commission believes not only that mediation is more cost effective than the traditional investigation and litigation framework, but also that mediation fosters better understanding by all parties of the sensitive issues surrounding actual or perceived discrimination. CHR has recruited and trained volunteer mediators across the State and raised awareness of the benefits of mediation. However, less than one-quarter of cases select mediation, and less than half of those cases are actually resolved through mediation. Even by fiscal 2004, CHR expects to resolve only 13% of its cases through its mediation efforts. Given the sensitive and complicated issues many of CHR's cases involve, mediation may not always be possible; however, these figures still seem low given the emphasis the commission has placed on this initiative.

CHR is improving its ability to identify instances of systemic discrimination. CHR has conducted intensive investigations of particular organizations and institutions against which it has received multiple complaints and also has initiated studies to identify systemic discrimination within an industry (real estate, financial services, retail, etc.) in representative communities across the State. The commission has established a systemic investigations unit focused on these investigations in order to better understand the patterns and impacts of discrimination in Maryland.

## **Fiscal 2003 Actions**

### **Impact of Cost Containment**

Fiscal 2003 cost containment reflects the reversion of \$3,375 supporting free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act of 2003.

## **Governor's Proposed Budget**

As **Exhibit 2** demonstrates, the fiscal 2004 allowance increases by roughly \$357,000, representing 11.6% growth over the fiscal 2003 working appropriation. Approximately \$87,000 of this increase is general funds, and the remaining \$269,000 is federal funds. For fiscal 2004, CHR has received additional funding from the U. S. Department of Housing and Urban Development to conduct a variety of housing testing initiatives and educational sessions for real estate professionals.

### **Personnel Expenditures**

Over 70% of the increase in this budget occurs in personnel expenditures. The increased personnel costs arise from increased health insurance and retirement benefits (\$60,000) and dramatic turnover relief (\$290,900). The turnover relief represents a decrease in turnover expectancy from 11.8% (including cost containment budgeted in 2003) to 5.0%. These increases are offset by savings from positions that were abolished according to budget bill language from the 2002 session.

### **Operating Expenditures**

Major increases in CHR's budget include the allocation of \$50,000 for implementation of SB 265, a law passed during the 2002 session that requires State agencies to translate certain key documents for individuals with limited English proficiency. Under the statute, CHR must comply by July 1, 2004. Other increases include additional spending on engineering consultants in public accessibility cases, contractual employees, training, travel, and computer desktop replacement (delayed in fiscal 2003). The increase in contractual employee expenditures is due to the commission's request for a Human Relations Specialist in 2004. This position requires higher funding than an office clerk position that was funded in fiscal 2003. This position is federally funded in support of a specific project. In addition, the commission's assessments from the Office of Administrative Hearings and the Department of Budget and Management (DBM) telecommunications increase. Funding designated for legal services and support decreases by \$19,000.

**Impact of Cost Containment**

The fiscal 2004 allowance reflects the elimination of \$17,784 for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act of 2003.

**Exhibit 2**

**Governor's Proposed Budget  
Maryland Commission on Human Relations  
(\$ in Thousands)**

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp.</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03 - 04</u> <u>Change</u>	<u>FY 03 - 04</u> <u>% Change</u>
General Funds	\$2,748	\$2,524	\$2,623	\$99	3.9%
Contingent & Back of Bill Reductions	0	-3	-14	-12	442.2%
<b>Adjusted General Funds</b>	<b>\$2,748</b>	<b>\$2,521</b>	<b>\$2,608</b>	<b>\$87</b>	<b>3.5%</b>
Federal Funds	\$749	\$555	\$827	\$272	49.0%
Contingent & Back of Bill Reductions	0	-1	-3	-3	371.1%
<b>Adjusted Federal Funds</b>	<b>\$749</b>	<b>\$555</b>	<b>\$824</b>	<b>\$269</b>	<b>48.5%</b>
<b>Adjusted Grand Total</b>	<b>\$3,497</b>	<b>\$3,075</b>	<b>\$3,432</b>	<b>\$357</b>	<b>11.6%</b>

**Where It Goes:**

**Personnel Expenses**

Savings from positions abolished in fiscal 2003 .....	-\$76
Deferred compensation.....	-16
Turnover relief .....	291
Employee and retiree health insurance and retirement benefits .....	60

**Other Changes**

Funding to implement 2002 law requiring State agencies to translate certain materials for individuals with limited English proficiency by July 1, 2004 .....	50
Contractual employees, staff training and travel.....	25
Assessments for administrative hearings and communications.....	21
Rent, insurance, subscriptions, and personal computer replacement.....	11
Increases for accessibility engineering consultants.....	10
Legal services and legal support .....	-19

**Total** **\$357**

Note: Numbers may not sum to total due to rounding.

## ***Recommended Actions***

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1. Concur with Governor's allowance.

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Maryland Commission on Human Relations (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2002</b>					
Legislative Appropriation	\$2,904	\$0	\$599	\$0	\$3,503
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	185	0	185
Reversions and Cancellations	-155	0	-35	0	-190
<b>Actual Expenditures</b>	<b>\$2,749</b>	<b>\$0</b>	<b>\$ 749</b>	<b>\$0</b>	<b>\$3,498</b>
<b>Fiscal 2003</b>					
Legislative Appropriation	\$2,524	\$0	\$555	\$0	\$3,079
Cost Containment	-3	0	0	0	-3
<b>Working Appropriation</b>	<b>\$2,521</b>	<b>\$0</b>	<b>\$555</b>	<b>\$0</b>	<b>\$3,076</b>

Note: Numbers may not sum to total due to rounding.

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**Fiscal 2002**

Cost containment reduced the fiscal 2002 working appropriation by \$150,000. An additional \$40,000 in general and federal funds reverted due to savings from the hiring freeze. A budget amendment increased CHR's federal fund appropriation by \$185,000 for expenditures in the Equal Employment Opportunity Commission's state and local fair employment practices contracts.

**Fiscal 2003**

In fiscal 2003, the commission received a general fund appropriation of \$2.5 million and a federal fund appropriation of \$0.56 million. Proposed cost containment would reduce this appropriation by approximately \$3,000 in general funds.

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Appendix 2

Object/Fund Difference Report  
Maryland Commission on Human Relations

Object/Fund	FY02	FY03	FY04	FY03 - FY04	Percent Change
	<u>Actual</u>	<u>Working Appropriation</u>	<u>Allowance</u>	<u>Amount Change</u>	
<b>Positions</b>					
01 Regular	53.50	50.50	50.50	0	0%
02 Contractual	3.00	2.00	2.00	0	0%
<b>Total Positions</b>	<b>56.50</b>	<b>52.50</b>	<b>52.50</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 2,944,613	\$ 2,753,792	\$ 3,026,392	\$ 272,600	9.9%
02 Technical & Spec Fees	66,205	56,175	69,021	12,846	22.9%
03 Communication	69,919	74,713	78,405	3,692	4.9%
04 Travel	44,743	21,500	30,950	9,450	44.0%
07 Motor Vehicles	2,111	1,200	1,000	-200	-16.7%
08 Contractual Services	216,824	81,306	155,853	74,547	91.7%
09 Supplies & Materials	36,481	34,525	21,500	-13,025	-37.7%
10 Equip - Replacement	29,214	4,000	11,409	7,409	185.2%
11 Equip - Additional	21,527	1,000	1,000	0	0%
13 Fixed Charges	65,675	50,613	54,377	3,764	7.4%
<b>Total Objects</b>	<b>\$ 3,497,312</b>	<b>\$ 3,078,824</b>	<b>\$ 3,449,907</b>	<b>\$ 371,083</b>	<b>12.1%</b>
<b>Funds</b>					
01 General Fund	\$ 2,748,209	\$ 2,523,532	\$ 2,622,681	\$ 99,149	3.9%
05 Federal Fund	749,103	555,292	827,226	271,934	49.0%
<b>Total Funds</b>	<b>\$ 3,497,312</b>	<b>\$ 3,078,824</b>	<b>\$ 3,449,907</b>	<b>\$ 371,083</b>	<b>12.1%</b>

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.