

D27L00
Maryland Commission on Human Relations

Operating Budget Data

(\$ in Thousands)

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 07-08</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$2,414	\$2,650	\$2,811	\$161	6.1%
Federal Fund	<u>845</u>	<u>905</u>	<u>732</u>	-174	-19.2%
Total Funds	\$3,259	\$3,555	\$3,543	-\$13	-0.4%

- General funds increase by \$160,866, or 6.1%, and federal funds decrease by \$173,549, or 19.2%, for a total net decrease of \$12,683, or 0.4%. However, if the large decrease due to one-time health insurance savings were removed from the calculation, the agency has an overall increase of \$142,740 or 4.2%.
- Spending increases are primarily in personnel, offset by decreases in projected Office of Administrative Hearings expenditures. Available federal funds are reduced in the allowance due to the decreased availability of funds from the U.S. Department of Housing and Urban Development.

Personnel Data

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 07-08</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	41.60	42.60	45.60	3.00
Contractual FTEs	<u>0.50</u>	<u>1.00</u>	<u>0.50</u>	-0.50
Total Personnel	42.10	43.60	46.10	2.50

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.78	1.71%
Positions Vacant as of 12/31/06	2.50	5.87%

- The Maryland Commission on Human Relations has 2.5 full-time equivalent (FTE) vacant positions as of December 31, 2006; they must keep a 0.78 FTE position open during fiscal 2008 to meet budgeted turnover.

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

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- The fiscal 2008 allowance contains 3.0 new FTE positions to implement the new commercial non-discrimination policy legislation (Chapter 283 of 2006). One staff attorney II position was added through the Board of Public Works during fiscal 2007 (but is not yet reflected in the working appropriation) and the two others, a human relations representative and a statistical assistant II, are added in the allowance.

Analysis in Brief

Major Trends

Agency Is Maintaining Its Productivity Level: Even with a 24% reduction in the number of staff positions from fiscal 2003 to 2006, the agency continues to show strong performance in the number of training sessions held and the number of people trained.

Issues

Implementation of the Commercial Non-discrimination Policy: The agency is asked to comment on the anticipated impact of the policy on its workload and to discuss how the three new positions added to administer the policy will be used.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete a new statistical analyst II position from the commercial non-discrimination unit.	\$ 22,416	1.0
Total Reductions	\$ 22,416	1.0

Maryland Commission on Human Relations

Operating Budget Analysis

Program Description

The Maryland Commission on Human Relations (MCHR) resolves allegations of discrimination by conciliation, mediation, investigation, and litigation in the areas of employment, housing and public accommodations, based on race, color, creed, ancestry, religion, sex, age, sexual orientation, national origin, marital status, familial status, genetic information, and physical or mental disability. In addition, the commission enforces the State of Maryland's commercial non-discrimination policy which prohibits the State from contracting with business entities, both public and private, that discriminate in the solicitation, selection, hiring, or treatment of vendors, suppliers, subcontractors, or commercial customers. The commission also, through its educational and outreach efforts, seeks to improve community relations and foster a better understanding of the law, thus reducing the potential number of complaints generated.

Efforts in fair employment practices and fair housing are supplemented by work sharing arrangements and contracts with the U.S. Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development (HUD). MCHR engages in cooperative efforts with federal, State, local, and private agencies having comparable interests and/or legal authority. The key goal of MCHR is to improve equal opportunity in Maryland through the use of effective, creative, and efficient case processing activities and reduce, eliminate, or resolve instances of unlawful discrimination.

Performance Analysis: Managing for Results

Preventing and reducing discrimination and promoting compliance with anti-discrimination laws are important components of MCHR's activities. Position abolitions in the fiscal 2005 and 2006 budgets raised concerns in the agency that the number of anti-discrimination training sessions and the number of people trained would decline significantly through fiscal 2006. However, even with position reductions, the agency showed a strong performance in fiscal 2005; a decline in the number of training sessions and number of people trained in fiscal 2006 still have them training at about the same rate as before the position reductions. The agency anticipates steady growth in this area in fiscal 2007 and 2008, as demonstrated in **Exhibit 1**.

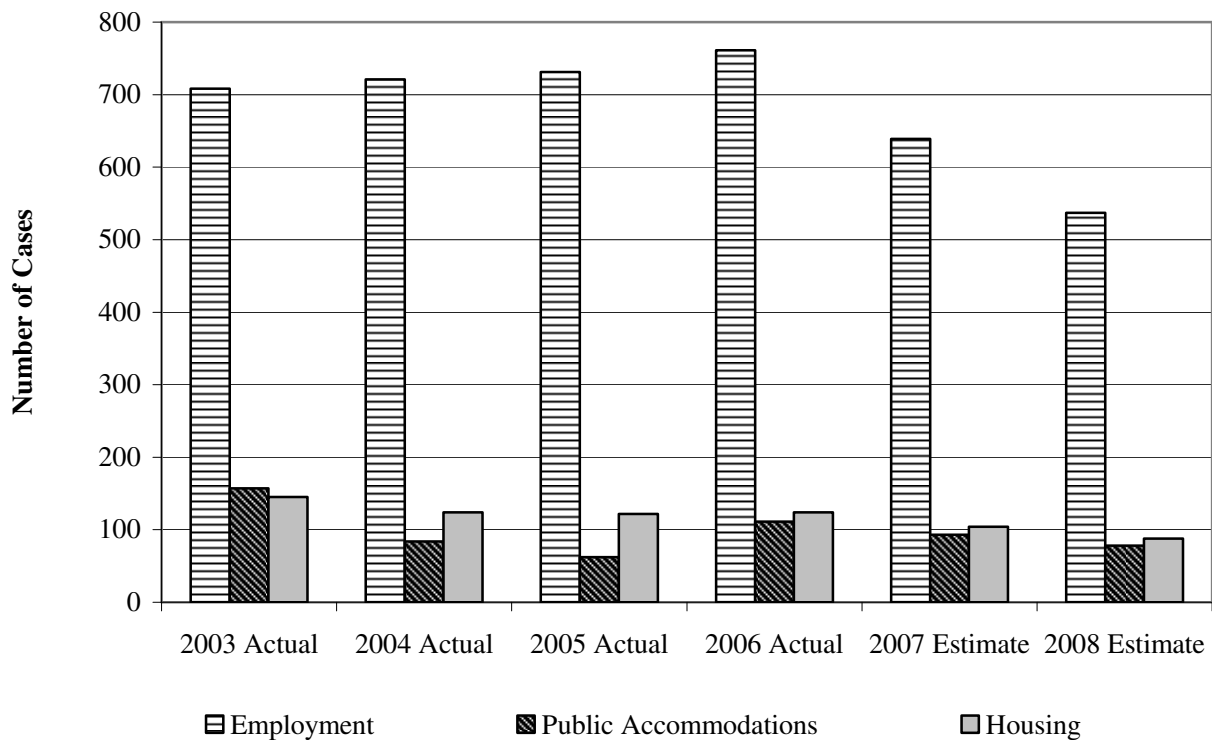
**Exhibit 1
Anti-discrimination Training
Fiscal 2003-2008**



Source: Maryland Commission on Human Relations

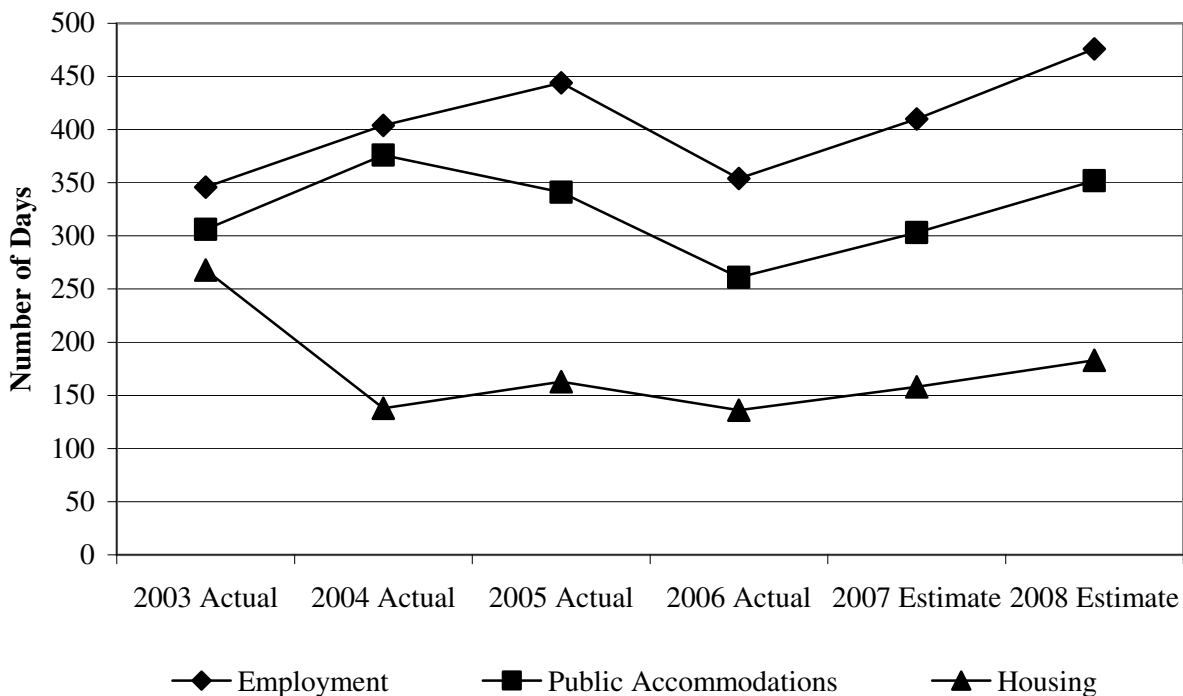
The size of the MCHR workforce has decreased since fiscal 2003 from 55.5 to 42.1 regular and contractual full-time equivalent (FTE) positions in fiscal 2006 (the most recent fiscal year for which actual data are available). At the same time, the number of complaints received for processing has also decreased from 1,074 in fiscal 2003 to 844 in fiscal 2006, resulting in a small increase in the per position caseload from 19.4 to 20.1 cases. **Exhibits 2 and 3** show that despite the workload increase the number of days to process a case has declined since fiscal 2003.

Exhibit 2
Number of Cases Closed



Source: Maryland Commission on Human Relations

**Exhibit 3
Number of Days to Process Cases**



Source: Maryland Commission on Human Relations

The pressure created from a smaller workforce is evident in the average number of days needed to process employment cases, which has increased marginally from fiscal 2003 through 2006, and is expected to increase more significantly through fiscal 2007. In contrast, the average number of days to process housing cases decreased 49% from fiscal 2003 through 2006. The number of processing days for housing cases is expected to remain relatively low through fiscal 2007 and 2008 because federal funding from HUD is directly tied to the average number of days to complete a case. In contrast, the number of days to process the two other types of complaints is expected to increase through the budget year, as efforts are more focused on housing.

Governor’s Proposed Budget

Exhibit 4 shows the major changes in MCHR’s budget.

Exhibit 4
Governor’s Proposed Budget
Maryland Commission on Human Relations
(\$ in Thousands)

How Much It Grows:	General Fund	Federal Fund	Total
2007 Working Appropriation	\$2,650	\$905	\$3,555
2008 Governor's Allowance	<u>2,811</u>	<u>732</u>	<u>3,543</u>
Amount Change	\$161	-\$174	-\$13
Percent Change	6.1%	-19.2%	-0.4%

Where It Goes:

Personnel Expenses

3.0 new FTE positions for implementation of the State's commercial non-discrimination policy	\$139
Salary increment costs and other increases.....	77
Retirement premium costs	57
Turnover adjustment.....	6
Health insurance costs decline due to one-time savings.....	-129
Workers’ compensation premium adjustment	-45
Decrease of 0.5 FTE contractual position.....	-13
Other fringe benefit adjustments.....	-1

Other Changes

Decreased charges for Office of Administrative Hearings	-64
Decreased cost for computer equipment replacement; funding remains for the purchase of a server and workstation purchases needed to support additional personnel.....	-38
Postage and telecommunication charges	-5
Other	3

Total **-\$13**

FTE: Full-time Equivalent

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

Issues

1. Implementation of the Commercial Non-discrimination Policy

Chapter 283 of 2006 establishes a new State non-discrimination policy under the State's procurement law. It prohibits the State from entering into a procurement contract with a business entity that has discriminated against subcontractors, suppliers, vendors, or commercial customers on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, disability, or any other form of unlawful discrimination.

Any person, including those not affected by any alleged discrimination, may file a complaint with MCHR alleging that a business entity has engaged in discriminatory actions within the preceding four years. The non-discrimination policy does not apply to any behavior that occurred prior to the bill's effective date of October 1, 2006. Business entities subject to the new policy include any person, firm, sole proprietorship, partnership, corporation, limited liability company, or other business entity either engaged in providing goods or services to the State or bidding to provide goods or services to the State; other governmental entities subject to Title VI of the Civil Rights Act of 1964 are not businesses for the purpose of this bill. Any entity involved in an economic development project with the State must also comply with the provisions of this bill.

MCHR is charged with investigating all complaints of discrimination against businesses. While investigating complaints, MCHR may consider evidence showing an intent to discriminate; a pattern or practice of discrimination; any actions taken by the accused entity to remedy the alleged discrimination; and prior business dealings with persons of the same protected class as the victim, sufficient to show that the accused entity has not discriminated against the class of the victim in the overall context of its business. MCHR may only investigate and adjudicate a claim of discrimination if the discrimination was alleged to have occurred in the State.

If MCHR sustains a complaint against a business, the business entity found to have committed discrimination may request a contested case hearing from the Office of Administrative Hearings (OAH). The Administrative Law Judge (ALJ) assigned by OAH may, after completing the hearing, affirm the initial findings, make new recommendations, or refer the case back to the MCHR for further review. The decision of the ALJ is subject to judicial review. Complainants and businesses who knowingly make false statements or who bring frivolous cases before OAH are also subject to sanctions.

If the ALJ sustains an allegation, the ALJ may impose sanctions on the business entity found to have committed discrimination. Sanctions may include debarment from bidding on or entering into contracts with the State, preclusion from participating in State contracts as a subcontractor for up to three years, cancellation of any current contracts, finding that the business is not a responsible bidder on future contracts, referral of the case for criminal prosecution, and/or mediation.

Every State contract and subcontract must include a clause whereby a contractor warrants that it will comply with the State's commercial non-discrimination policy, and every State contract must require the contractor to provide any information necessary to investigate a claim of discrimination. All requests for bids or proposals for State contracts must include a certification by the bidder that it has not engaged in discrimination in bidding on the contract.

At the time the legislation establishing the commercial non-discrimination policy was enacted, it was not anticipated that the policy would add significantly to the workload of MCHR, based on the experience of a municipality that implemented a similar policy. However, the legislation was originally written with the Office of the Attorney General (OAG) administering the policy, with the help of volunteers from the business community if needed. The OAG's office is much larger than the MCHR, making it easier for it to absorb additional responsibilities.

The agency has added 3.0 new FTE positions to implement the policy; DLS recommends deleting one of these new positions. The agency is asked to comment on the anticipated impact of the policy on its workload and to discuss how these new positions will be used.

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Delete one new statistical analyst II position from the commercial non-discrimination unit. The fiscal note written to support the legislation creating this new function within the Maryland Commission on Human Relations (MCHR) estimated no cost increase for this new unit. However, the legislation was originally written with the Office of the Attorney General (OAG) administering the policy, with the help of volunteers from the business community as necessary. The OAG's office is much larger than the MCHR, making it easier for it to absorb additional responsibilities, especially given position reductions taken at MCHR in recent years. However, uncertainty remains over future staffing needs related to the policy. Therefore, one (NEW001) of two new positions in the allowance is deleted (one additional new position was added in fiscal 2007 through Board of Public Works action after the allowance was submitted). If the policy significantly adds to the workload, MCHR can request additional positions in future budgets.	\$ 22,416	GF	1.0
Total General Fund Reductions	\$ 22,416		1.0

Current and Prior Year Budgets

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>
Fiscal 2006					
Legislative Appropriation	\$2,316	\$0	\$798	\$0	\$3,114
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	98	0	121	0	219
Reversions and Cancellations	0	0	-74	0	-74
Actual Expenditures	\$2,414	\$0	\$845	\$0	\$3,259
Fiscal 2007					
Legislative Appropriation	\$2,559	\$0	\$0	\$905	\$3,465
Budget Amendments	91	0	0	0	91
Working Appropriation	\$2,650	\$0	\$0	\$905	\$3,555

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

Fiscal 2006

- Federal funds increased by \$120,747 for expenditures related to the commission's implementation of the Equal Employment Opportunity Commission's employment discrimination programs and Housing and Urban Development's Fair Housing Assistance Program.
- General funds increased by \$78,555 from the Department of Budget and Management in the reallocation of health insurance funding.
- General funds increased by \$29,365 through a transfer from the Department of Budget and Management for the reallocation of general salary increase funding.
- \$9,910 in general funds was transferred out of the Maryland Commission on Human Relations in the statewide realignment of telecommunications funds.

Fiscal 2007

- General funds increased by \$56,000 through a transfer from the State's Contingent Fund to cover a staff attorney position approved by the Board of Public Works.
- General funds increased by \$35,248 through a transfer from the Department of Budget and Management for the reallocation of general salary increase funding.
- General funds decreased by \$465 through a transfer to the Department of Budget and Management for a comprehensive salary study.

Audit Findings

Audit Period for Last Audit:	May 30, 2003 – March 23, 2006
Issue Date:	September 2006
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	0%

**Object/Fund Difference Report
Maryland Commission on Human Relations**

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07 - FY08 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	41.60	42.60	45.60	3.00	7.0%
02 Contractual	0.50	1.00	0.50	-0.50	-50.0%
Total Positions	42.10	43.60	46.10	2.50	5.7%
Objects					
01 Salaries and Wages	\$ 3,015,935	\$ 3,233,549	\$ 3,337,860	\$ 104,311	3.2%
02 Technical and Spec. Fees	12,743	28,768	15,955	-12,813	-44.5%
03 Communication	67,340	73,575	68,429	-5,146	-7.0%
04 Travel	20,410	15,000	15,000	0	0%
07 Motor Vehicles	4,283	1,000	1,000	0	0%
08 Contractual Services	53,368	86,542	20,193	-66,349	-76.7%
09 Supplies and Materials	12,441	7,000	7,000	0	0%
10 Equip – Replacement	10,046	63,000	27,652	-35,348	-56.1%
13 Fixed Charges	62,428	46,878	49,540	2,662	5.7%
Total Objects	\$ 3,258,994	\$ 3,555,312	\$ 3,542,629	-\$ 12,683	-0.4%
Funds					
01 General Fund	\$ 2,413,950	\$ 2,649,819	\$ 2,810,685	\$ 160,866	6.1%
05 Federal Fund	845,044	905,493	731,944	-173,549	-19.2%
Total Funds	\$ 3,258,994	\$ 3,555,312	\$ 3,542,629	-\$ 12,683	-0.4%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.