

D27L00
Maryland Commission on Human Relations

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,587	\$2,736	\$2,919	\$183	6.7%
Federal Fund	<u>809</u>	<u>732</u>	<u>774</u>	<u>42</u>	<u>5.8%</u>
Total Funds	\$3,396	\$3,468	\$3,693	\$225	6.5%

- General funds increase by \$183,023, or 6.7%, and federal funds increase by \$42,122, or 5.8%, for a total increase of \$225,145, or 6.5%. Most of this increase is associated with personnel.
- The underlying fiscal 2009 budget change, absent health insurance and Other Post Employment Benefits funding which distorts year-to-year comparisons, is an increase of \$4,920, or 0.2%.

Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	42.60	44.60	44.60	0.00
Contractual FTEs	<u>0.25</u>	<u>0.50</u>	<u>0.00</u>	<u>-0.50</u>
Total Personnel	42.85	45.10	44.60	-0.50

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	1.12	2.50%
Positions Vacant as of 1/1/08	3.00	6.37%

- The fiscal 2009 allowance eliminates a 0.5 full-time equivalent contractual position. This is a part-time law clerk position. The number of regular positions is constant between fiscal 2008 and 2009.

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

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- The Maryland Commission on Human Relations (MCHR) has 3.0 vacant regular positions as of January 1, 2008. In fiscal 2009, MCHR must keep 1.12 positions vacant to meet the budgeted turnover of 2.5%.

Analysis in Brief

Major Trends

MCHR Is Maintaining a Strong Performance: MCHR continues to maintain a strong performance. However, some performance measures are expected to show declines in upcoming years.

Issues

Implementation of the Commercial Nondiscrimination Unit: In the 2006 session, the Commercial Nondiscrimination Policy was passed with enforcement responsibilities assigned to MCHR. Changes were made to the policy in the 2007 session to reflect the procedures of MCHR, and MCHR subsequently began to create the Commercial Nondiscrimination Unit (CDNU).

Recommended Actions

1. Concur with Governor's allowance.

Maryland Commission on Human Relations

Operating Budget Analysis

Program Description

The Maryland Commission on Human Relations (MCHR) resolves allegations of discrimination through conciliation, mediation, investigation, and litigation in the areas of employment, housing, and public accommodations. In particular, MCHR resolves allegations of discrimination on the basis of race, color, creed, ancestry, religion, sex, age, sexual orientation, national origin, marital status, familial status, genetic information, and physical or mental disability. Efforts related to employment 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. MCHR engages in cooperative efforts with federal, State, local, and private agencies with comparable interests and/or legal authority. MCHR, through educational and outreach efforts, seeks to improve community relations and foster a better understanding of the law, thereby reducing the potential number of complaints.

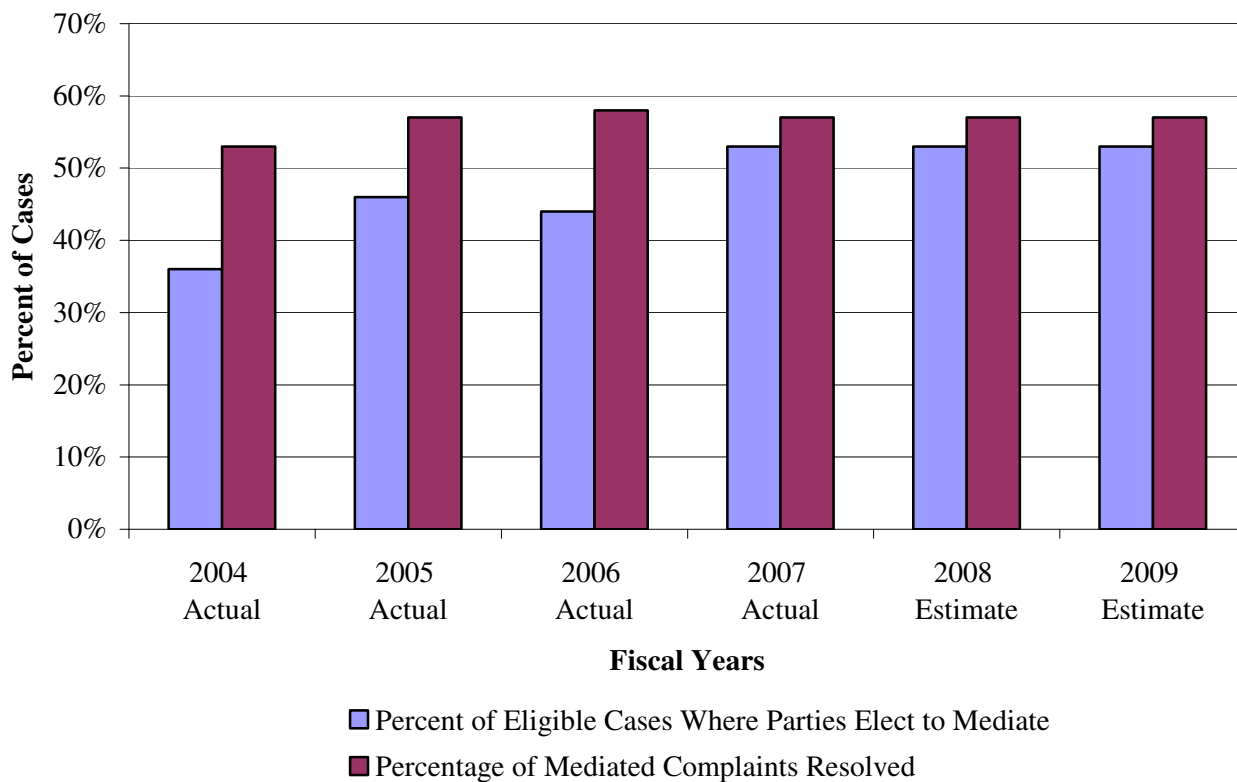
In addition, MCHR enforces the State of Maryland’s Commercial Nondiscrimination Policy. This policy prohibits the State from contracting with business entities, both public and private, that discriminate in the solicitation, selection, hiring, or treatment of vendors, suppliers, subcontractors, or commercial customers.

The 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

The use of mediation is an important part of the work of MCHR. The goal of mediation is to close cases in a timely, efficient, and non-adversarial manner. The percent of eligible cases where parties elect to mediate has increased between fiscal 2004 and 2007 from 36% to 53%, though there was a small decrease between fiscal 2005 and 2006 as seen in **Exhibit 1**. The percentage of eligible cases where parties elect to mediate is projected to remain around 50% through fiscal 2009. The percentage of mediated complaints resolved has remained relatively steady between 57% and 58%, after a small increase from 53% in fiscal 2004. The percent is expected to remain at this level through fiscal 2009.

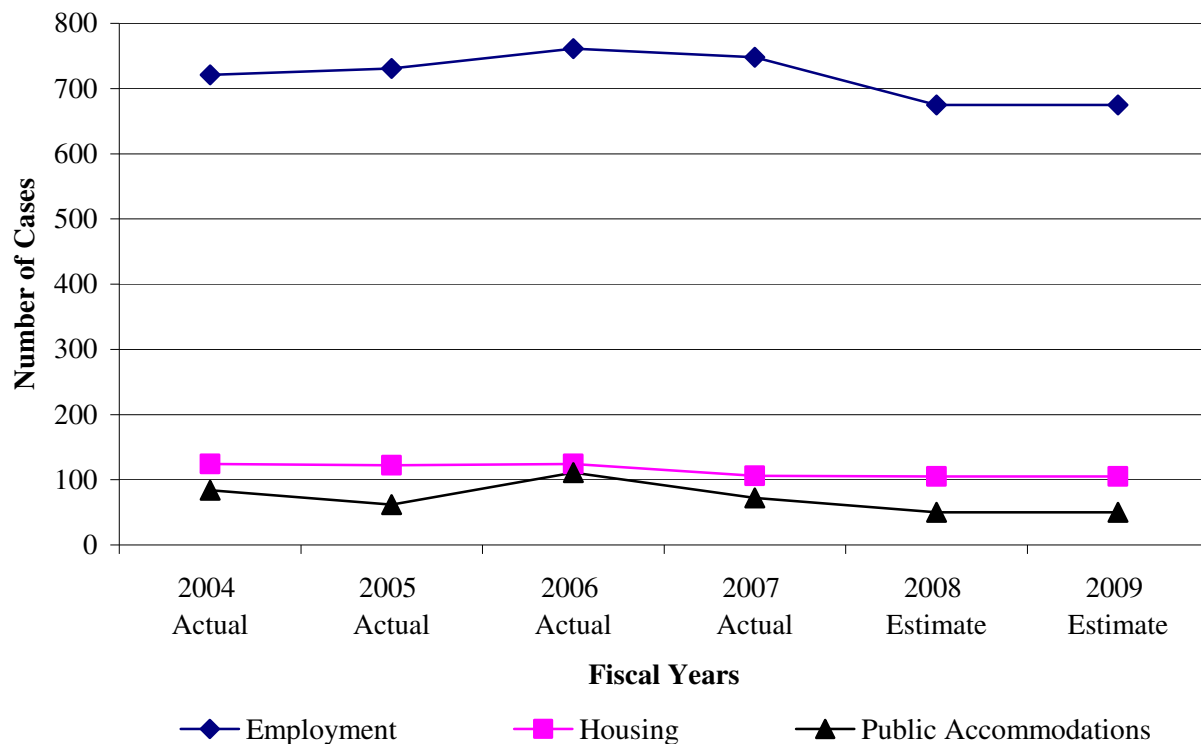
Exhibit 1 Mediated Cases



Source: Maryland Commission on Human Relations

The trend for the number of cases closed has fluctuated with a narrow range in recent years, as seen in **Exhibit 2**. However, a decrease is projected in employment cases closed. **The agency should comment on the reason for the projected decline in the number of employment cases closed.**

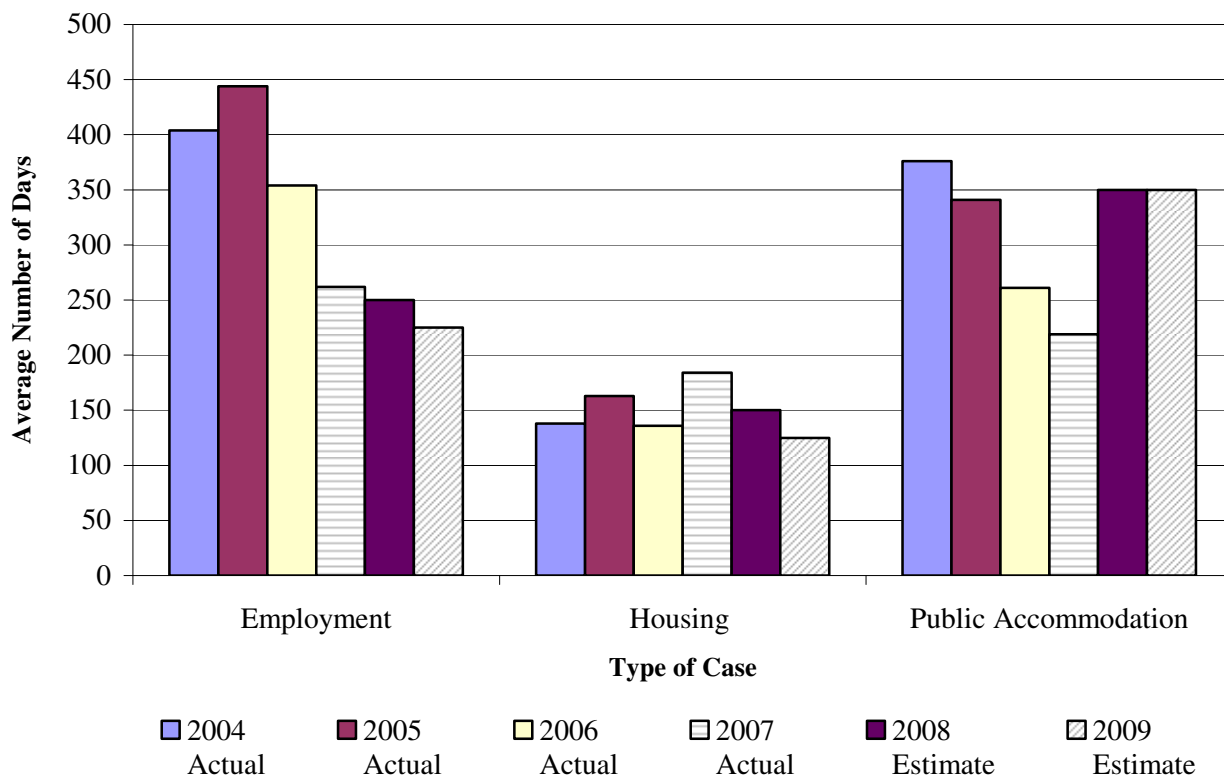
Exhibit 2
Number of Cases Closed by Type



Source: Maryland Commission on Human Relations

Exhibit 3 shows the average number of days to process employment, housing, and public accommodations cases. There was an increase in the average number of days to process employment and housing cases between fiscal 2004 and 2005. The average number of days to process employment, housing, and public accommodations cases declined between fiscal 2005 and 2006. These declines continued for employment and public accommodations cases between fiscal 2006 and 2007. For employment cases, the average number of days to process is projected to continue this decline at a lesser rate through 2009 to 225 days. However, the average number of days to process public accommodations cases are projected to increase to 350 days in fiscal 2008 and stay at this level in fiscal 2009. The average number of days to process housing cases, by contrast, increased in fiscal 2007 to 184, but are projected to decrease through fiscal 2009 to 125 days. **The agency should comment on the reason for the increasing average number of days to process public accommodations cases.**

**Exhibit 3
Average Number of Days to Process a Case by Type**



Source: Maryland Commission on Human Relations

Fiscal 2008 Actions

Impact of Cost Containment

MCHR took several actions as a result of the fiscal 2008 cost containment which totaled \$100,000. MCHR delayed filling a vacancy, which would impact case processing. MCHR was also unable to replace a portion of its aging computer network. MCHR reports it will conduct fewer accessibility determinations, which are used to determine whether a facility is accessible to individuals in a wheel chair and what modification and/or reasonable accommodations can turn inaccessible facilities into accessible facilities.

Governor’s Proposed Budget

Exhibit 4 shows the major changes in the Governor’s proposed budget. The increase in the MCHR proposed budget is largely attributable to personnel expenses. In particular, the new category for Other Post Employment Benefits is the largest increase of \$149,408. Another substantial increase in personnel costs for MCHR is in retiree health premiums. In fiscal 2008, retiree health premiums did not appear in the allowance. This cost was funded through health savings from previous years. These costs appear in the fiscal 2009 allowance, which leads to an increase in the personnel costs. The one substantial nonpersonnel-related increase is \$57,691 for the Office of Administrative Hearings.

The largest decreases in the MCHR proposed budget also involved personnel, including \$24,464 by deferring the filling of a vacant position until mid-year. The other major decrease of \$14,955 is the result of the elimination of a 0.5 full-time equivalent contractual position.

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

How Much It Grows:	General Fund	Federal Fund	Total
2008 Working Appropriation	\$2,736	\$732	\$3,468
2009 Governor’s Allowance	<u>2,919</u>	<u>774</u>	<u>3,693</u>
Amount Change	\$183	\$42	\$225
Percent Change	6.7%	5.8%	6.5%

Where It Goes:

Personnel Expenses

Health Insurance – reduce long-term Other Post Employment Benefits liability	\$149
Health Insurance – pay-as-you-go costs	71
Increased turnover rate from 2.17% to 2.50%	-9
Deferred filling a vacant position	-24
Other fringe benefit changes	-1

Other Changes

Increased Office of Administrative Hearings costs	58
Per diem payments to commissioners	5
Increased rent	3
Miscellaneous contractual services	1
In-state travel	-2

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Where It Goes:

Office equipment	-3
Decreased costs of outside services related to computers	-7
Decrease of a 0.5 full-time equivalent contractual position	-15
Other	-1
Total	\$225

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

Issues

1. Commercial Nondiscrimination Unit

Chapter 283 of 2006 established a new State nondiscrimination policy under the State's procurement law referred to as the Commercial Nondiscrimination Policy. This policy prohibits the State from entering into contracts with any business entity that has discriminated, in terms of solicitation, selection, hiring, or treatment, against vendors, suppliers, subcontractors, or commercial customers. In particular, it mentions discrimination 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. The law became effective October 1, 2006. The complaints must be filed within four years of the alleged discrimination or retaliation. MCHR is charged with investigating all complaints of discrimination against businesses.

Chapters 529 and 530 of 2007 made several changes to the Commercial Nondiscrimination Policy to conform to procedures of MCHR. Following the 2007 legislative session, MCHR began the process of creating the Commercial Nondiscrimination Unit (CNDU). The following section describes the actions MCHR has taken in creating CNDU.

Recent Activities

MCHR placed the Office of the General Counsel in charge of the unit. Two additional positions were created for this unit, a staff attorney II position and a human relations representative position. One of these positions, staff attorney II, was added through the Board of Public Works in fiscal 2007, and one human relations representative was added in the fiscal 2008 allowance.

MCHR has been working to promulgate regulations. The proposed regulations were published for comment in the January 4, 2008 edition of the *Maryland Register* and are subject to a 30-day comment period.

Outreach activities are in early stages. The Office of General Counsel has participated in several business forums, including the 8th Annual African-American Business Forum, the Maryland Small Business Awards breakfast, and the Maryland Washington Minority Contractors' Association, Inc., Annual Spring Membership Breakfast. A web site dedicated to the Commercial Nondiscrimination policy has also been created. This web site is still in development, but some information is available. The Office of General Counsel is also attempting to locate training opportunities for staff.

To date, CNDU has received three inquiries. CNDU has served its first complaint and is in the preliminary stages of this investigation. Two of the inquiries were determined not to be within the jurisdiction of CNDU.

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The agency should comment on the efforts to implement the Commercial Nondiscrimination Policy, including a discussion of the barriers to implementation of the policy, planned outreach efforts, and the outlook for the handling of complaints.

Recommended Actions

1. Concur with Governor's allowance.

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 2007					
Legislative Appropriation	\$2,559	\$0	\$905	\$0	\$3,465
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	59	0	0	0	59
Reversions and Cancellations	-32	0	-96	0	-128
Actual Expenditures	\$2,587	\$0	\$809	\$0	\$3,396
Fiscal 2008					
Legislative Appropriation	\$2,788	\$0	\$732	\$0	\$3,520
Cost Containment	-100	0	0	0	-100
Budget Amendments	48	0	0	0	48
Working Appropriation	\$2,736	\$0	\$732	\$0	\$3,468

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

Fiscal 2007

The general funds increased by \$59,309 for MCHR in fiscal 2007 over the legislative appropriation. An increase of \$56,000 was due to the creation of a staff attorney position. In addition, an increase of \$35,248 was related to employee cost-of-living adjustments (COLA). These increases were partially offset by a decrease in general funds of \$31,474 as a result of cost containment measures. In addition, MCHR experienced a small decrease for the costs of the statewide salary study. Approximately \$31,590 in general funds was reverted.

MCHR cancelled federal funds of approximately \$96,074 due to lower than anticipated receipts from the U.S. Department of Housing and Urban Development for housing cases.

Fiscal 2008

The general fund appropriation has decreased by a net of \$52,387 over the fiscal 2008 legislative appropriation. This change is the result of an increase of \$47,613 for COLA. The increase was offset by a decrease of \$100,000 for cost containment measures.

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	42.60	44.60	44.60	0	0%
02 Contractual	0.25	0.50	0	-0.50	-100.0%
Total Positions	42.85	45.10	44.60	-0.50	-1.1%
Objects					
01 Salaries and Wages	\$ 3,076,691	\$ 3,293,553	\$ 3,479,796	\$ 186,243	5.7%
02 Technical and Spec. Fees	13,527	15,955	5,500	-10,455	-65.5%
03 Communication	59,468	68,429	67,711	-718	-1.0%
04 Travel	23,148	15,000	13,500	-1,500	-10.0%
07 Motor Vehicles	4,045	1,000	2,000	1,000	100.0%
08 Contractual Services	85,648	17,697	68,143	50,446	285.1%
09 Supplies and Materials	18,655	3,000	2,500	-500	-16.7%
10 Equip. – Replacement	52,524	3,652	1,000	-2,652	-72.6%
13 Fixed Charges	62,468	49,540	52,821	3,281	6.6%
Total Objects	\$ 3,396,174	\$ 3,467,826	\$ 3,692,971	\$ 225,145	6.5%
Funds					
01 General Fund	\$ 2,586,755	\$ 2,735,882	\$ 2,918,905	\$ 183,023	6.7%
05 Federal Fund	809,419	731,944	774,066	42,122	5.8%
Total Funds	\$ 3,396,174	\$ 3,467,826	\$ 3,692,971	\$ 225,145	6.5%

Note: The fiscal 2008 appropriation does not include deficiencies.