

D27L00
Maryland Commission on Human Relations

Operating Budget Data

(\$ in Thousands)

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,674	\$2,736	\$2,697	-\$39	-1.4%
Contingent & Back of Bill Reductions	0	0	-17	-17	
Adjusted General Fund	\$2,674	\$2,736	\$2,680	-\$56	-2.0%
Federal Fund	672	747	764	17	2.3%
Contingent & Back of Bill Reductions	0	0	-7	-7	
Adjusted Federal Fund	\$672	\$747	\$757	\$10	1.3%
Adjusted Grand Total	\$3,346	\$3,483	\$3,437	-\$46	-1.3%

- Overall the fiscal 2010 allowance for the Maryland Commission on Human Relations (MCHR) decreases by \$46,094, or 1.3%, after including a decrease for deferred compensation contingent on the passage of legislation. The general fund appropriation decreases by \$55,957, or 2.0%. The federal fund appropriation increases by \$9,963, or 1.3%.
- Contingent across-the-board reductions are effected in the MCHR budget reducing \$23,800 funds to delete the deferred compensation match. Personnel reductions may occur in this agency as part of a statewide \$30 million unallocated across-the-board reduction.

Personnel Data

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>
Regular Positions	44.60	41.60	41.60	0.00
Contractual FTEs	<u>0.50</u>	<u>0.00</u>	<u>0.50</u>	<u>0.50</u>
Total Personnel	45.10	41.60	42.10	0.50

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.56	3.75%
Positions and Percentage Vacant as of 12/31/08	1.40	3.37%

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

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- The number of contractual full-time equivalent positions increases by 0.5 in the fiscal 2010 allowance. This position is used for a personnel officer. Although not reflected in the fiscal 2009 working appropriation, MCHR advises this position has been used for this purpose during fiscal 2009.
- As of December 31, 2008, MCHR had a vacancy rate of 3.37%, or 1.40 positions. The turnover expectancy in fiscal 2010 is 3.75% and requires 1.56 positions.
- The turnover expectancy increases in the fiscal 2010 allowance from 2.71 to 3.75%.

Analysis in Brief

Major Trends

Percentage of Mediated Complaints Resolved Increased in Fiscal 2008: In fiscal 2008, the percentage of mediated complaints resolved increased by 10 percentage points compared to fiscal 2007. However, it is expected to return to the fiscal 2007 level in fiscal 2009 and 2010.

Average Number of Days to Process a Case Decreased in Fiscal 2008: Employment, housing, and public accommodations cases each experienced a decrease in the average number of days to process a case between fiscal 2007 and 2008. However, only housing cases are expected to continue this decrease in fiscal 2010.

Recommended Actions

1. Concur with Governor's allowance.

D27L00
Maryland Commission on Human Relations

Operating Budget Analysis

Program Description

The Maryland Commission on Human Relations (MCHR) resolves allegations of discrimination through conciliation, mediation, 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.

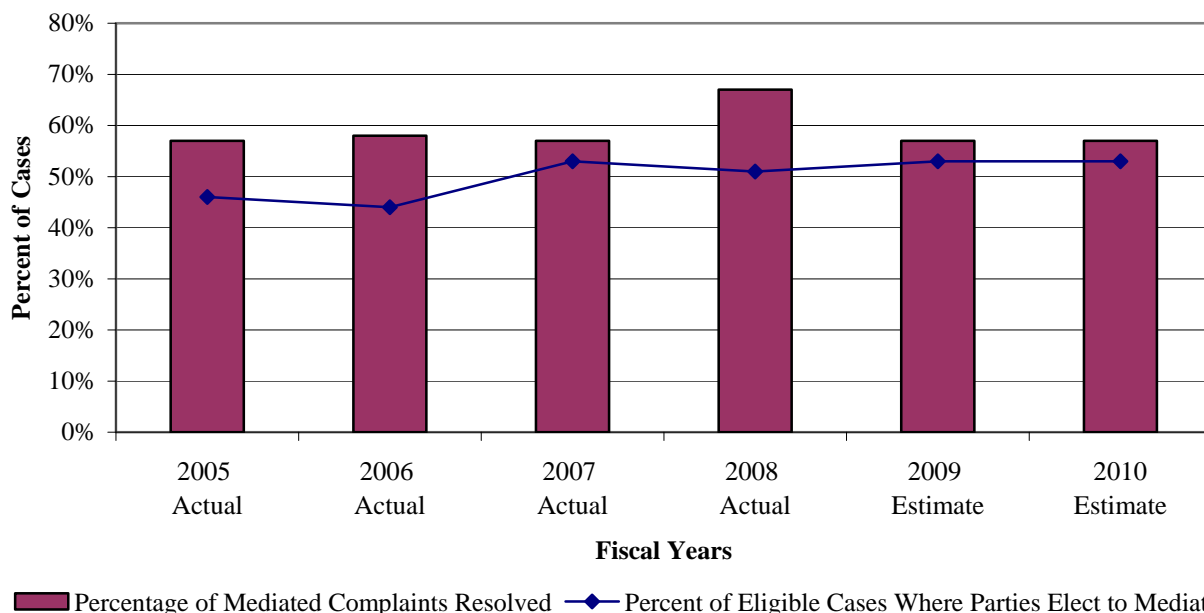
In addition, MCHR enforces the State of Maryland's Commercial Nondiscrimination Policy. This policy prohibits the State from contracting with business entities, both public and private, that discriminate in the solicitation, selection, hiring, or treatment of vendors, suppliers, subcontractors, or commercial 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 tends to fluctuate year to year, as shown in **Exhibit 1**. In fiscal 2008, 51% of eligible cases had parties elect to mediate. This percent is expected to increase to 53% in fiscal 2009. The percentage of mediated complaints resolved was relatively steady from fiscal 2005 to 2007. However, in fiscal 2008 the percentage increased by 10 percentage points to 67%. MCHR does not anticipate this increase will be sustained in fiscal 2009. **MCHR should comment on the increase in the percentage of mediated complaints resolved in fiscal 2008 and why this level of resolution is not expected to continue in fiscal 2009 or 2010.**

**Exhibit 1
Mediated Cases
Fiscal 2005-2010**



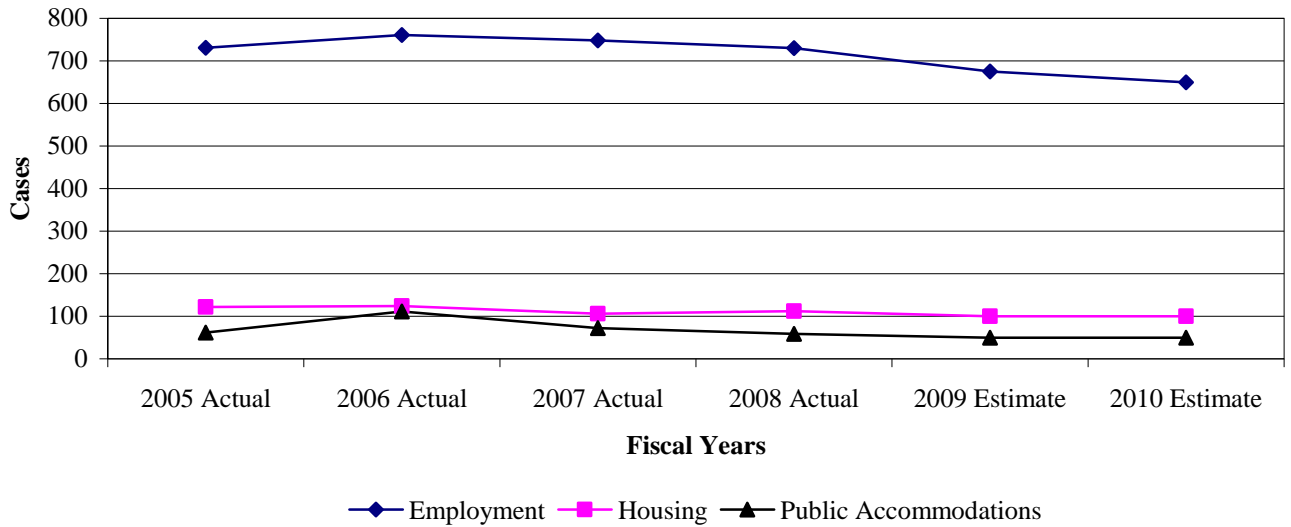
Note: Percentage of mediated complaints resolved includes total unit resolution not just those cases resolved on the day of mediation.

Source: Maryland Commission on Human Relations

The number of cases closed has fluctuated in recent years, as shown in **Exhibit 2**. Between fiscal 2007 and 2008 the number of employment and public accommodations cases closed decreased, while the number of housing cases closed slightly increased. All three types of cases are expecting a lower level of closure in fiscal 2009, with further declines expected in the area of employment in fiscal 2010. MCHR indicates the expected decreases are the result of reductions in staff and more inexperienced staff.

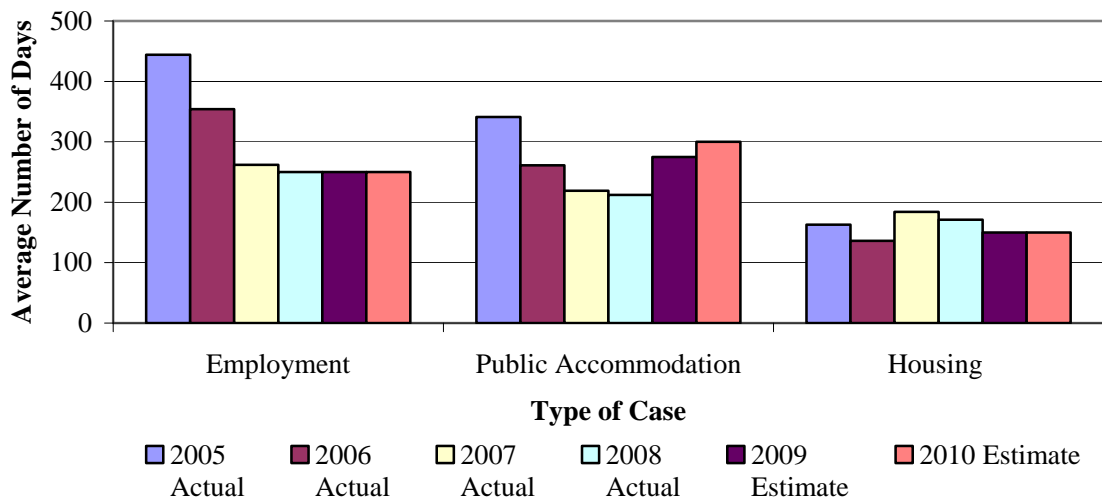
Exhibit 3 shows the average number of days to process employment, housing, and public accommodations cases. The average number of days to process employment and public accommodations decreased from fiscal 2005 to 2008. Despite these decreasing trends, the average number of days to process employment cases is expected to remain at the fiscal 2008 level through fiscal 2010, and the average number of days to process public accommodations cases is expected to increase through fiscal 2010. After an increase in the average number of days to process housing cases between fiscal 2006 and 2007, it decreased between fiscal 2007 and 2008 with an additional decrease expected in fiscal 2009. **MCHR should comment on why the average number of days to process public accommodations cases is expected to increase in fiscal 2009 and 2010 despite a recent trend of decreases.**

**Exhibit 2
Cases Closed by Type
Fiscal 2005-2010**



Source: Maryland Commission on Human Relations

**Exhibit 3
Average Number of Days to Process a Case
Fiscal 2005-2010**



Source: Maryland Commission on Human Relations

Fiscal 2009 Actions

Impact of Cost Containment

The fiscal 2009 appropriation for MCHR has decreased by \$183,403, primarily in general funds, as a result of cost containment actions taken by the Board of Public Works (BPW) in June and October 2008.

Most of this decrease is the result of abolishing a combined three positions in these two actions. Other reductions in the fiscal 2009 appropriation due to cost containment occurred as the result of delayed filling of vacant positions and across-the-board reductions related to health insurance funding changes and the elimination of payments to reduce the Other Post Employment Benefits unfunded liability. MCHR indicated that the position reductions could impact customer service through a backlog of investigations. In addition, MCHR reports that staff shortages resulting from these actions could lead to a loss in federal funds because of lower levels of case closure and the processing time of cases.

An additional reduction of approximately \$33,000 in general funds is expected as a result of the furlough plan through a pending BPW Action.

Proposed Budget

As shown in **Exhibit 4**, overall the fiscal 2010 allowance decreases by \$46,094, or 1.3%, when including the reduction in deferred compensation contingent on the passage of legislation. This decrease occurs as the result of the general fund appropriation decrease of \$55,957, or 2%, which is partially offset by an increase in the federal fund appropriation of \$9,863, or 1.3%.

The major changes in the fiscal 2010 allowance occur in the areas of personnel, including contractual staff and contractual services.

Impact of Cost Containment

A reduction of approximately \$23,000 is associated with the across-the-board deletion of funding for the deferred compensation match contingent on the passage of legislation.

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

How Much It Grows:	General Fund	Federal Fund	Total
2009 Working Appropriation	\$2,736	\$747	\$3,483
2010 Allowance	<u>2,697</u>	<u>764</u>	<u>3,461</u>
Amount Change	-\$39	\$17	-\$22
Percent Change	-1.4%	2.3%	-0.6%
Contingent Reductions	-\$17	-\$7	-\$24
Adjusted Change	-\$56	\$10	-\$46
Adjusted Percent Change	-2.0%	1.3%	-1.3%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance pay-as-you-go costs	\$42
Retirement contribution	19
Workers' compensation premium assessment	3
Deferred compensation including decrease contingent on passage of legislation	-23
Increase turnover expectancy from 2.71 to 3.75%	-28
Delete funds reducing Other Post Employment Benefits' unfunded liability	-32
Regular earnings to reflect the delayed funding of a position.....	-60
Other fringe benefit adjustments.....	-9

Other Changes

Include funding in allowance to recognize 0.5 FTE contractual position.....	29
Consultant services to reduce backlog in public accommodation cases	15
Increase in equipment rental to reflect historical spending and vendor prices	3
Travel to reflect historical spending.....	2
Administrative hearings	-2
Per diem payments to commissioners	-2
Communications	-4
Other changes.....	1

Total **-\$46**

FTE: full-time equivalent

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

Personnel

Several significant changes in the fiscal 2010 allowance occur in the area of personnel. The most significant personnel related decrease in the fiscal 2010 allowance for MCHR includes a decrease of \$60,087 in regular earnings. This decrease results from a decision to delay funding one investigator's position.

The turnover expectancy increases from 2.71 to 3.75% for MCHR in the fiscal 2010 allowance resulting in a decrease of \$28,134. To meet this turnover expectancy MCHR needs to have 1.56 positions vacant. As of December 31, 2008, MCHR had only 1.40 positions vacant. At the current level of vacancy, it does not appear that MCHR will be able to meet this turnover expectancy.

Other personnel changes include a decrease of \$31,575 associated with a statewide reduction of funding for reducing the Other Post Employment Benefits unfunded liability and changes associated with health insurance and other fringe benefit costs.

Contractual Employee

The fiscal 2010 allowance provides for an increase of 0.5 contractual full-time equivalent position and associated funding of \$29,064. This position and associated funding will be used for a part-time personnel officer. MCHR advises that a part-time contractual position was used for this purpose in fiscal 2009, although the current working appropriation does not reflect it. MCHR noted that the funding for the contractual position was available through a vacant part-time regular position for the same position. The vacant position was abolished in the October 2008 BPW action.

Contractual Services

The fiscal 2010 allowance for MCHR includes an increase of \$15,000 in the area of consultants. MCHR plans to use the funding available for this purpose to reduce the current backlog in public accommodations-accessibility cases. Specifically, this funding will be used for engineering consultant services for accessibility determinations and modifications as well as to serve as expert witnesses. Accessibility determinations involve determining whether a facility is accessible to individuals in a wheel chair or those who have other mobility challenges and what modifications and/or reasonable accommodations can turn inaccessible facilities into accessible facilities.

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 2008					
Legislative Appropriation	\$2,788	\$0	\$732	\$0	\$3,520
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	48	0	0	0	48
Cost Containment	-100	0	0	0	-100
Reversions and Cancellations	-62	0	-60	0	-122
Actual Expenditures	\$2,674	\$0	\$672	\$0	\$3,346
Fiscal 2009					
Legislative Appropriation	\$2,866	\$0	\$753	\$0	\$3,619
Cost Containment	-178	0	-6	0	-183
Budget Amendments	48	0	0	0	48
Working Appropriation	\$2,736	\$0	\$747	\$0	\$3,483

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

Fiscal 2008

The general fund appropriation for MCHR had a net decrease of \$52,387 during fiscal 2008. This decrease resulted from an increase of \$47,613 in employee cost-of-living adjustments (COLA) which was more than offset by a decrease of \$100,000 in cost containment measures primarily related to salaries and wages; other reductions occurred in the areas of contractual services, supplies, and replacement equipment. MCHR also reverted approximately \$61,757, largely in the areas of personnel and communications.

MCHR cancelled approximately \$59,998 of its federal fund appropriation as a result of an overestimation of available federal funds from the Equal Employment Opportunity Commission and the federal Department of Housing and Urban Development.

Fiscal 2009

The fiscal 2009 general fund appropriation for MCHR has decreased by \$129,804. This net decrease was the result of an increase of \$47,711 due to employee COLAs, which was more than offset by approximately \$177,515 in cost containment actions. These cost containment reductions are primarily the result of the reduction of a combined three positions and a hiring freeze in the June and October 2008 BPW actions.

The federal fund appropriation has also decreased by \$5,888 due to cost containment actions in fiscal 2009.

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

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09 - FY10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	44.60	41.60	41.60	0	0%
02 Contractual	0.50	0	0.50	0.50	N/A
Total Positions	45.10	41.60	42.10	0.50	1.2%
Objects					
01 Salaries and Wages	\$ 3,054,385	\$ 3,269,757	\$ 3,206,601	-\$ 63,156	-1.9%
02 Technical and Spec. Fees	32,871	5,500	32,138	26,638	484.3%
03 Communication	89,919	67,711	63,668	-4,043	-6.0%
04 Travel	52,258	13,500	15,500	2,000	14.8%
07 Motor Vehicles	4,059	2,000	2,000	0	0%
08 Contractual Services	27,389	68,143	83,589	15,446	22.7%
09 Supplies and Materials	10,536	2,500	2,500	0	0%
10 Equipment – Replacement	1,712	1,000	1,000	0	0%
13 Fixed Charges	72,942	52,821	53,642	821	1.6%
Total Objects	\$ 3,346,071	\$ 3,482,932	\$ 3,460,638	-\$ 22,294	-0.6%
Funds					
01 General Fund	\$ 2,674,125	\$ 2,736,220	\$ 2,697,030	-\$ 39,190	-1.4%
05 Federal Fund	671,946	746,712	763,608	16,896	2.3%
Total Funds	\$ 3,346,071	\$ 3,482,932	\$ 3,460,638	-\$ 22,294	-0.6%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.