

D27L00
Maryland Commission on Human Relations

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,667	\$2,544	\$2,643	\$99	3.9%
Contingent & Back of Bill Reductions	0	0	-73	-73	
Adjusted General Fund	\$2,667	\$2,544	\$2,570	\$25	1.0%
Federal Fund	684	756	698	-58	-7.6%
Contingent & Back of Bill Reductions	0	0	-20	-20	
Adjusted Federal Fund	\$684	\$756	\$678	-\$78	-10.3%
Adjusted Grand Total	\$3,351	\$3,300	\$3,248	-\$52	-1.6%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- Overall, the fiscal 2011 allowance for the Maryland Commission on Human Relations (MCHR) decreases by \$52,237, or 1.6%, after accounting for back of the budget bill reductions. General funds grow by \$25,440, or 1.0%, while federal funds decrease by \$77,678, or 10.3%.
- Across-the-board reductions reduce MCHR's budget \$93,115, assuming a fiscal 2011 employee furlough and reduced health insurance and workers' compensation expenses.

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

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Personnel Data

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>
Regular Positions	41.60	40.60	38.60	-2.00
Contractual FTEs	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.00</u>
Total Personnel	42.10	41.10	39.10	-2.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.42	3.67%
Positions and Percentage Vacant as of 12/31/09	2.40	5.91%

- The number of regular full-time equivalent positions decreases by 2.0 in the fiscal 2011 allowance. Both are vacant human relations representative positions.
- As of December 31, 2009, MCHR had a vacancy rate of 5.91%, or 2.4 positions. The turnover expectancy for fiscal 2011 assumes a vacancy rate of 3.67%, or 1.42 positions.

Analysis in Brief

Major Trends

Cases Resolved through Mediation Down: The number of cases in which parties elected to mediate and the percentage of those cases successfully closed using mediation were both down in fiscal 2009. The rates were consistent with results from fiscal 2005-2007, however. **MCHR should comment on efforts to increase the use of mediation in eligible cases and on the particularly large fiscal 2008 increase.**

Number of Cases Closed Declines: The number of employment and housing cases closed was down in fiscal 2009 from prior years. MCHR explains that reduced staffing levels are behind this decrease.

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, 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.

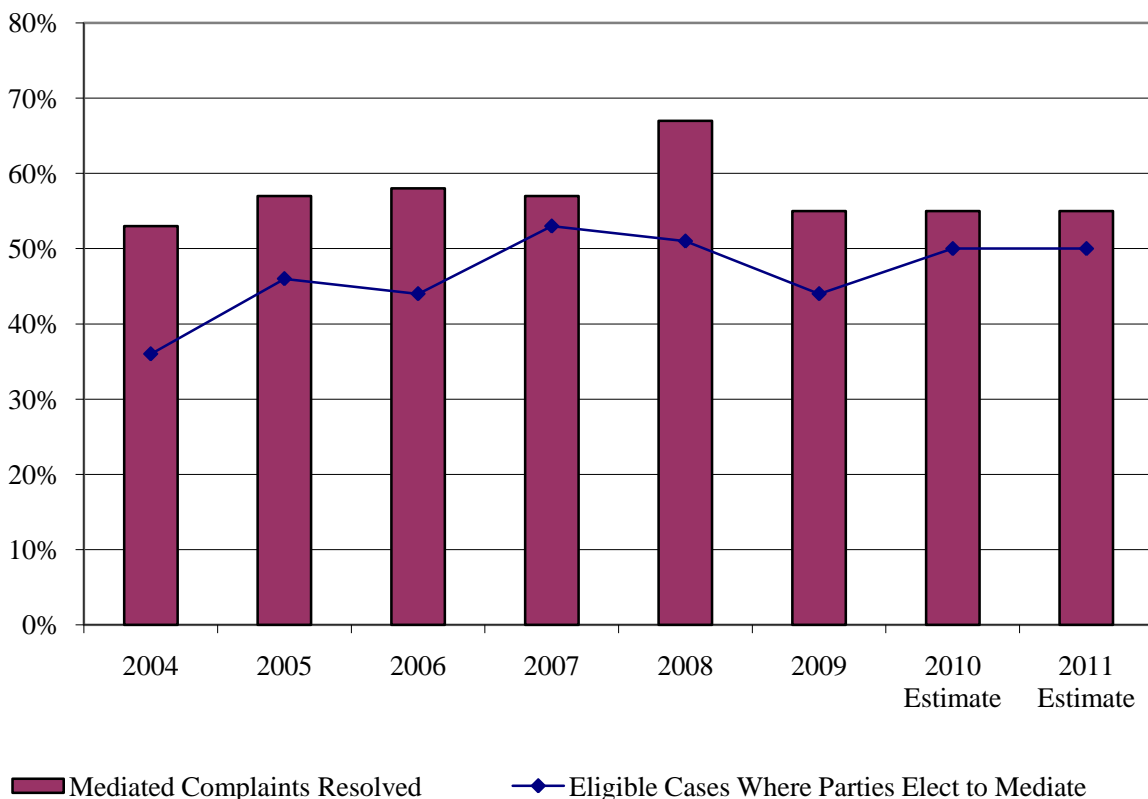
In addition, MCHR enforces the State of Maryland's Commercial Nondiscrimination Policy. This policy prohibits the State from contracting with business entities, both public and private, that discriminate in the solicitation, selection, hiring, or treatment of vendors, suppliers, subcontractors, or commercial 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. It allows a quick, efficient, and non-adversarial resolution to cases. The percent of eligible cases where parties elect to mediate and the percent of those cases resolved are shown in **Exhibit 1**. In fiscal 2009, the rate of cases where parties elected to mediate and the percent of those cases that were successfully resolved fell compared to fiscal 2008. The fiscal 2009 results, however, align with MCHR's results from fiscal 2005 to 2007. **MCHR should comment on efforts to increase the use of mediation in eligible cases and on the particularly large fiscal 2008 increase.**

**Exhibit 1
Mediated Cases
Fiscal 2004-2011**

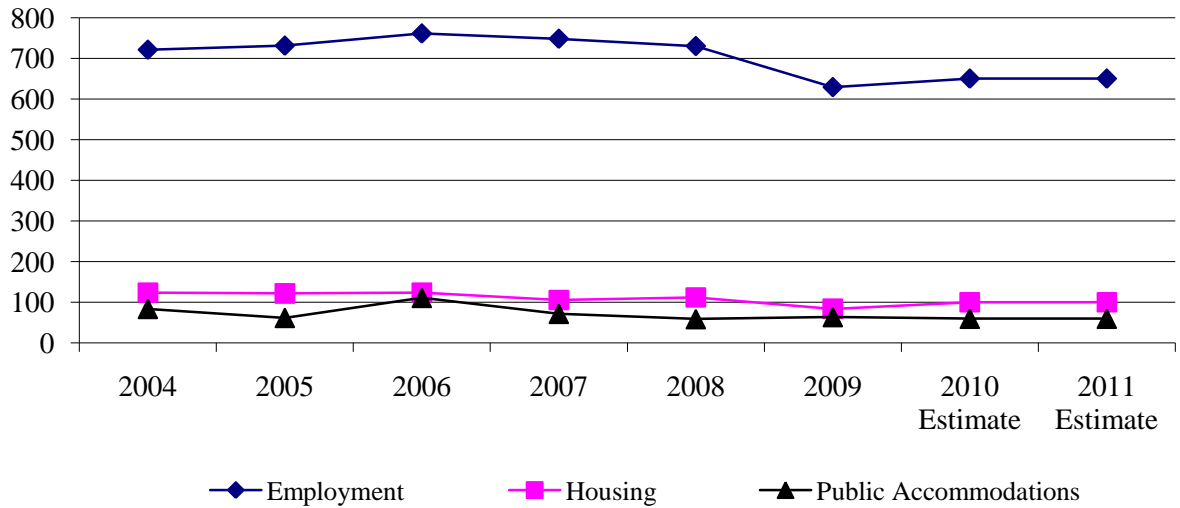


Source: Governor’s Budget Books, Fiscal 2011

Exhibit 2 shows that the number of cases closed also fell in fiscal 2009 compared to fiscal 2008. This was especially apparent with employment cases, which fell by 101, or 13.8%. Housing cases also declined by 28, or 25.0%. MCHR attributes this reduction to tight budgets and a shortage of staffing. Public accommodations cases increased slightly in fiscal 2009, however. All rates are expected to stabilize by fiscal 2011.

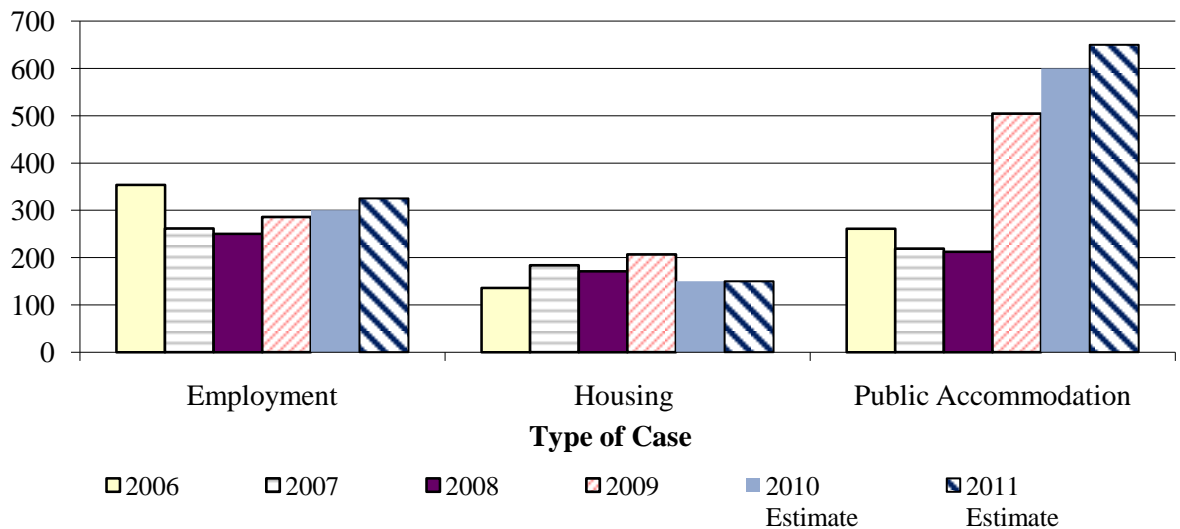
Exhibit 3 shows the average number of days to process employment, housing, and public accommodations cases from start to finish. Housing cases remain relatively flat, while employment cases are expected to increase slightly. There is a significant change in public accommodations cases, however. This is due to a concerted effort on the part of MCHR to clear a backlog of cases. This measure includes only cases that are closed during each fiscal year and only after longstanding cases are closed is their length averaged. MCHR expects this increase to last about two more years.

**Exhibit 2
Cases Closed by Type
Fiscal 2004-2011**



Source: Governor’s Budget Books, Fiscal 2011

**Exhibit 3
Average Number of Days to Process a Case
Fiscal 2006-2011**



Source: Governor’s Budget Books, Fiscal 2011

Fiscal 2010 Actions

Impact of Cost Containment

The fiscal 2010 appropriation for MCHR has been reduced three times by the Board of Public Works (BPW), totaling \$80,498 in general funds. Of this amount, \$190 was a statewide reduction to communications costs and \$70,308 was implementation of the State's fiscal 2010 furlough. An additional \$10,000 reduction was absorbed by holding vacant positions open longer than originally planned. A vacant human relations representative position was also deleted, saving \$36,496.

Proposed Budget

As shown in **Exhibit 4**, the allowance for MCHR decreases by \$52,237, or 1.6%, after accounting for across-the-board reductions, although there are some major increases. An increase in employee and retiree health insurance spending totals \$75,575. Rent charges to the Department of General Services also increase by \$24,719.

The largest decrease is due to the two positions abolished in the allowance, \$97,235. A reduction in spending for the Office of Administrative Hearings totals \$50,235 due to less use of the office by MCHR. Communications spending decreases by \$13,302.

Impact of Cost Containment

The fiscal 2011 allowance includes two back of the bill reductions decreasing MCHR by a total of \$93,115. Savings from a fiscal 2011 employee furlough total \$80,384, which evens out salary costs between fiscal 2010 and 2011. Reduced health insurance spending saves \$11,897 while an additional reduction to workers' compensation saves \$834.

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

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Total</u>
2010 Working Appropriation	\$2,544	\$756	\$3,300
2011 Allowance	<u>2,643</u>	<u>698</u>	<u>3,341</u>
Amount Change	\$99	-\$58	\$41
Percent Change	3.9%	-7.6%	1.2%
Contingent Reductions	-\$73	-\$20	-\$93
Adjusted Change	\$25	-\$78	-\$52
Adjusted Percent Change	1.0%	-10.3%	-1.6%

Where It Goes:

Personnel Expenses

Abolished/transferred positions	-\$97
Employee and retiree health insurance	39
Employee retirement	36
Workers' compensation premium assessment.....	4
Turnover adjustments	1
Other fringe benefit adjustments	5

Other Changes

Rent paid to the Department of General Services	25
In-state travel.....	5
Other changes	-1
Out-of-state travel.....	-5
Reduced communications expenses	-13
Office of Administrative Hearings	-50

Total	-\$52
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Note: Numbers may not sum to total due to rounding.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets 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 2009					
Legislative Appropriation	\$2,866	\$0	\$753	\$0	\$3,619
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	48	0	0	0	48
Cost Containment	-234	0	-6	0	-240
Reversions and Cancellations	-13	0	-63	0	-76
Actual Expenditures	\$2,667	\$0	\$684	\$0	\$3,351
Fiscal 2010					
Legislative Appropriation	\$2,661	\$0	\$756	\$0	\$3,417
Cost Containment	-117	0	0	0	-117
Budget Amendments	0	0	0	0	0
Working Appropriation	\$2,544	\$0	\$756	\$0	\$3,300

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

Fiscal 2009

The general fund appropriation to MCHR was \$2,866,024. A cost-of-living adjustment increased this amount by \$47,711. Three BPW cost containment actions reduced this appropriation, however. The first reduction took \$54,959 in general funds, achieved by deleting a vacant 0.5 position identification number (PIN) that was budgeted in human relations and reduced health insurance spending. The next reduction was \$125,556. This was met by deleting 2.5 PINs, returning the commission's Other Post Employment Benefits contribution, and increasing turnover. The last BPW reduction was \$56,216 and was the money saved by the State's furlough and holding positions vacant.

The fiscal 2009 federal fund appropriation was \$752,600 and was also reduced by BPW, by \$5,888.

A total of \$12,791 in general funds was cancelled at the end of the fiscal year. It represented lower-than-budgeted spending on salaries. Federal funds were also cancelled at the end of the fiscal year by \$62,960, due to lower than expected federal fund support from both the U.S. Department of Housing and Urban Development and the U.S. Equal Employment Opportunity Commission.

Fiscal 2010

The legislative appropriation was \$2,661,323 in general funds and \$756,165 in federal funds.

There have been three rounds of BPW budget reductions in fiscal 2010. The first reduction to MCHR was an across-the-board reduction in general fund communications spending, \$190. The second was for \$80,308 in general funds met by implementing the State's fiscal 2010 furlough policy and holding positions vacant. The final BPW action reduced the budget by an additional \$36,496 in general funds, which was absorbed by deleting a vacant Intergroup Relations Representative position.

Audit Findings

Audit Period for Last Audit:	March 24, 2009 – March 24, 2009
Issue Date:	June 2009
Number of Findings:	0
Number of Repeat Findings:	N/A
% of Repeat Findings:	N/A
Rating: (if applicable)	

The Office of Legislative Audits (OLA) conducted an audit on the Maryland Commission on Human Relations, issued June 2009. The audit did not disclose any findings warranting mention in OLA's report.

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	41.60	40.60	38.60	-2.00	-4.9%
02 Contractual	0.50	0.50	0.50	0	0%
Total Positions	42.10	41.10	39.10	-2.00	-4.9%
Objects					
01 Salaries and Wages	\$ 3,061,191	\$ 3,047,447	\$ 3,127,698	\$ 80,251	2.6%
02 Technical and Spec. Fees	33,458	32,138	32,781	643	2.0%
03 Communication	59,887	62,678	49,376	-13,302	-21.2%
04 Travel	20,276	15,500	15,500	0	0%
07 Motor Vehicles	3,656	2,000	2,000	0	0%
08 Contractual Services	77,239	83,589	32,124	-51,465	-61.6%
09 Supplies and Materials	9,641	2,500	2,500	0	0%
10 Equipment – Replacement	391	1,000	500	-500	-50.0%
11 Equipment – Additional	17,304	0	0	0	0.0%
13 Fixed Charges	67,922	53,642	78,892	25,250	47.1%
Total Objects	\$ 3,350,965	\$ 3,300,494	\$ 3,341,371	\$ 40,877	1.2%
Funds					
01 General Fund	\$ 2,667,213	\$ 2,544,329	\$ 2,643,000	\$ 98,671	3.9%
05 Federal Fund	683,752	756,165	698,371	-57,794	-7.6%
Total Funds	\$ 3,350,965	\$ 3,300,494	\$ 3,341,371	\$ 40,877	1.2%

Note: The fiscal 2010 appropriation does not include deficiencies.