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DRAFT

Minutes of the Human Resources Committee
January 19, 2012

The Human Resources Committee of the Rhode Island Housing and Mortgage Finance Corporation convened at 8:30 am on January 19, 2012 at the offices of Rhode Island Housing. Committee members present were Chairman DeRentis, Commissioners Monteiro and Commissioner McGreevy, constituting a quorum of the Committee. Also present were Richard Godfrey, Executive Director, Susan Bodington, Deputy Director for Programs and Policy, Patricia Trinque, Human Resources Director, and Michael Milito, Deputy Assistant Director for Law and Human Resources.

The following matters were considered by the Committee.

a. Adjustment to Salary Ranges

Rhode Island Housing has 17 salary ranges that cover approximately 100 job titles. Performance based increases are provided to employees within these ranges based on annual adjustments to the overall budget. Although such performance increases have averaged 2.5% per year since 2007, we have not adjusted the salary ranges at all since then. Last fall, we engaged an independent compensation consultant to compare Rhode Island Housing salary ranges with comparable positions in the public and private sectors. The consultant reported that, based on a 2010 salary survey, our overall ranges were on average from 2.5% to 6.6% below those for the combined public and private sectors. See chart below.

	Min	Mid	Max
Private	+5.49	-7.66	-17.72
Public	-15.78	-3.63	-6.92
Combined	-2.42	-3.72	-6.58

Management recommends that overall salary ranges be increased by 7%. While doing so will not directly result in individual increases, except for those who are within 7% of the low point in the range, it will allow those employees at the top of their ranges some room for increases such as those that became available in January. About 16 employees are currently at the top of their range, which is about 9% of our workforce. If all 16 were to receive a 3% increase as of January 1, there would be a $29,623 increase in our overall salary expense. In addition, 6 employees will be under the adjusted minimum of the range and bringing them to the new minimum would increase salary expense by $6,480.

Increasing the salary ranges will make it easier to attract and retain employees and increase overall morale by demonstrating to our employees that their salaries are close to equal pay

with their peers in the public and private sectors.

Following a brief discussion, the Committee unanimously voted to adopt the recommendation and recommends adoption by the full Board.

b. Change in Grade Range – Director of Finance and Technology

Agency policy permits the Executive Director to make adjustments to and add or subtract positions below the level of Assistant Director (below salary range 14) provided that such changes can be accommodated within the salary budget approved by the Board of Commissioners. Similar changes for ranges 14 and above have required approval of the Board. Furthermore, the Executive Director notifies the Board prior to any appointments to positions in ranges 14 and above.

When we had a Deputy Director/CFO, the position at the head of the Division of Finance and Technology was designated as an Assistant Director at salary range of 15. The heads of the other divisions are referred to as Directors with range 16. Management recommends that the position of Assistant Director of Finance and Technology be designated as a Director position to reflect the responsibilities of the position, and that it be placed at salary range 16, consistent with all other division directors.

Following a brief discussion to clarify that the reporting lines for the position were the same as other director positions, and to highlight the reasons for the different treatment of this position in the past, the Committee unanimously voted to adopt the recommendation and recommend adoption by the full board.

c. Open Position Definition

Current Rhode Island Housing policy provides that "open positions" be posted for all employees to apply and be considered, either concurrent with or prior to external recruitment. However, some confusion has arisen as to what constitutes an "open position", particularly where the job description of the position has been changed to better reflect the current responsibilities, or where a particular position is being converted from "temporary" to "regular" status. To avoid this confusion, we recommend the following clarification to our posting policy:

> "Open positions are those for which there is no current employee performing the duties set forth in the job description. From time to time job descriptions, job titles, salary range, status (e.g. hourly, part-time) or classification (e.g. permanent, temporary) may change with regard to one or more current employees. However, if there is one or more existing employee who is currently satisfactorily performing the duties, the position shall not be considered open and the changes may be applied without posting the position."

Following a brief discussion, the Committee unanimously voted to adopt the

recommendation.

d. Senior Executive Organization

As Deputy Executive Director and CFO over the course of 17 years, Tom Hogg fulfilled many functions at Rhode Island Housing. While it might be best if Rhode Island Housing could hire one person to perform these many functions, it is possible that some of those roles may need to be taken on by other senior executives. Therefore, Rhode Island Housing is using this opening as an opportunity to review the overall senior management structure of Rhode Island Housing. This includes conversations with senior executives at Rhode Island Housing and outside organizations, as well as reviewing organizational structures at other HFAs.

Accordingly, management recommends that Rhode Island Housing undertake a broad recruitment for a generic Deputy Executive Director candidate, as well as a more specific one for a Deputy Executive Director/CFO candidate. While we anticipate only hiring one person and prefer to find all of the skills in a single person, we believe that Rhode Island Housing will be best served by the broadest possible outreach.

After considering the best internal and external candidates, we may also propose a revised organizational structure. Finally, because of the unique nature of housing finance work, management seeks Board authorization to engage an executive search firm to assist in undertaking the broadest recruitment effort.

The Committee engaged in a discussion regarding the pros and cons of recruiting for two separate positions simultaneously, and also of engaging the services of an executive search firm to assist in conducting the recruitment effort.

Following the discussion, the Committee unanimously approved the proposal to simultaneously seek candidates for two separate positions, with the understanding that only one candidate will be hired, and that decision will depend on whether management proposes changes to Rhode Island Housing's organizational structure, as well as the characteristics of the candidates in the hiring pool. The Committee did not approve the recommendation to engage an executive search firm at this time in light of the cost of the services and the perception that there may be a large pool of qualified candidates for these positions due to the condition of the general economy. The Committee requested that Rhode Island Housing attempt to use its traditional recruitment approaches to seek candidates for these positions, and if an insufficient pool of qualified applicants results from that effort the Committee will revisit the request to engage an executive search firm.

e. Staff Reduction Process

Management provided an update on the ongoing staff reduction activities necessary to meet the expense projections in our 2012 budget. While some areas of Rhode Island Housing are working incredibly hard, in others there is excess capacity. Unfortunately the revenue picture shows little sign of improving and federal cuts keep occurring. Even in some areas where people are busy, the revenues which once supported those activities are now reduced. We will have to evaluate our expenses and the public benefit in these areas versus other mission related expenses.

Since the adoption of the FY 2012 budget, we have been very restrictive in the replacement of employees who leave. Through attrition, we are approaching our target budget number. However, as of the first of the year, we are taking an objective look at every area and position. If we identify positions that our less essential to our mission or financial stability, we will develop a strategy for reducing staff in a way that minimizes the trauma. Our first approach will be to determine whether the employee can fill another critical role here. If that is not feasible, we will also offer assistance to affected employees in seeking outside employment as previously authorized by the Board. Of course, we will also be looking for ways to increase revenue through new activities that may accommodate potentially displaced staff.

No Committee action was required for this item.

There being no further business, the meeting was adjourned at 9:00 am.

Respectfully Submitted:

_____ _____

Chairperson Date