

City of Cambridge

MASSACHUSETTS

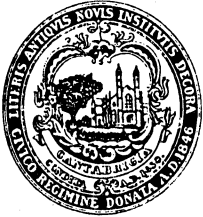
In City Council 9/14, 199

*Reconsideration on Item #1 to Refer to
Civil + Human Rights Committee*

YEA	NAY	ABSENT	PRESENT	
	✓			V.M. Kathleen L. Born
	✓			Ms. Henrietta Davis
	✓			Mr. Francis H. Duehay
✓				Mr. Anthony Galluccio
	✓			Mr. Kenneth E. Reeves
✓				Mr. Michael A. Sullivan
✓				Mr. Timothy J. Toomey, Jr.
	✓			Ms. Katherine Triantafillou
✓				Mayor Sheila T. Russell

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PERSONNEL DEPARTMENT
MICHAEL P. GARDNER
Director

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RECEIVED
96 JUL -2 AM 9:49
OFFICE OF THE CITY MANAGER

MEMORANDUM

TO: Robert W. Healy
City Manager

FROM: Michael P. Gardner
Personnel Director 

DATE: June 20, 1996

RE: Council Order #033 dated 5/20/96 RE: Effects of the Residency Ordinance on Hiring

SUMMARY

The residency ordinance has not increased the percentage of new City employees who are Cambridge residents. It has however put constraints on the hiring process which negatively impact our ability to attract and hire the best qualified candidates. The intent of the ordinance -- "To hire the most qualified person...[to hire] a first class work force...to promote diversity...with the view in mind of preserving municipal jobs for residents of Cambridge" -- is not supported by the ordinance. The extremely low unemployment rate in the City and the generally low unemployment rate in the region exacerbate the difficulty of attracting highly qualified job applicants willing to be told where they must live.

Statistical Impact

From one perspective, the residency ordinance has had little impact on City hiring.

The residency ordinance has been in effect since January 1, 1996. Since that time the City (exclusive of the Hospital and Neville Manor) has maintained a hiring rate for residents of 55 %. The Hospital/Neville hiring rate for residents has been 30 %. For the corresponding time period last year the numbers were virtually the same-- 57 % City exclusive of Hospital and Neville and 34 % for the Hospital and Neville Manor. Thus, to date, the ordinance has had insignificant impact on resident hiring percentages.

There has however been significantly less hiring in FY 96 than for the comparable

period in FY 95.

As required by the ordinance, the City has requested that the Department of Personnel Administration (Civil Service) restrict eligibility for all civil service examinations to then current Cambridge residents. Predictably, the Personnel Administrator (head of DPA) has said no. Such a restriction is inconsistent with Massachusetts law.

The Office of Workforce Development and the DHSP have worked cooperatively with the Affirmative Action Director and the Personnel Department to hold classes in test taking skills for Cambridge residents applying for the 1996 state wide fire fighter examination--just as has been done with other major civil service examinations held in the past, prior to enactment of the ordinance.

One of the reasons the ordinance has had as little impact as it has is because its terms currently do not apply to nearly 60% of our workforce--unionized employees.

The terms of the ordinance do not apply to unionized positions in the City, absent bargaining to agreement, or, for some purposes, impasse. Because virtually all of our contracts were settled (or the submission of new proposals prohibited by agreement) before the enactment of the ordinance, there has been little bargaining over its terms. For those unions with whom we are bargaining over it, we have not yet been successful in reaching agreement. Some of the provisions of the ordinance (particularly as apply to the filling of positions for non supervisors making under \$50,000) so fundamentally change hiring rules that it is unlikely we will obtain agreement easily or any time soon.

This demonstrates the important paradox. From another perspective, the ordinance has had a profound and fundamental impact on City hiring.

Impact on Hiring Rules and Dynamics

The ordinance has had dramatic impact on the rules and procedures involved in some of our most important and complicated hiring. The requirement that certain new employees move into the City within six months of hire has fundamentally changed our hiring rules and the pool of candidates we can realistically consider. Although hiring for positions paying over \$50,000 does not occur that often, when it does, the ordinance has the effect of dramatically limiting the potential pool of candidates to be considered--to those who are current residents, active in the job market, and willing to accept employment that will foreclose the option of moving out in the future, and to those whose life situations make it attractive or acceptable for them to move here with the same future restrictions. This same limitation applies to the other positions covered by this provision of the ordinance--those employees who supervise three or more employees. Vacancies for these positions occur much more frequently than for jobs paying over \$50,000, and the pool of possible candidates for those jobs is also significantly restricted. Because salaries in these positions often start in the low \$30's, the flexibility to move in may be very limited.

Affirmative Action

In my view, there is no question but that the residency ordinance seriously interferes with the City's capacity to effectively recruit and hire minority candidates in senior positions of all kinds, most particularly Officials and Administrators and Professionals, the categories where we continue to experience under utilization. That is because the ordinance artificially restricts the number of minority candidates who might consider a senior level position with the City. Gross numbers illustrate the problem. According to the 1990 census data, there are approximately 21,026 minorities age 18 and over living in Cambridge, a rough approximation (slightly inflated) of the labor market. In contrast, there were 165,987 minorities age 18 and over living in Boston. And in the five counties proximate to Cambridge from which we could reasonably expect to draw commuting employees, there were (exclusive of Cambridge), 357,736 minorities age 18 and over. Thus Cambridge has less than 6% of the total potential minorities who might conceivably consider employment with the City without being required to move.

The current residency ordinance, as it requires those new hires making \$50,000 or more or supervising three or more to establish residency within the community, seriously impedes nonresident minority (and other) potential candidates for senior management positions from considering employment in Cambridge. Although there are always exceptions, persons interested in and qualified for senior positions are likely to be settled in communities with significant social ties, including school, church, and neighborhood. They may be homeowners or interested in home ownership. The prospect of disrupting those ties to take employment with the City may be very problematic, especially given the recent marked increase in the cost of housing (and how much housing each \$100,000 buys) in Cambridge compared to other communities.

Looking at where our current senior minority employees reside clearly illustrates the problem. Currently, only 34% of the minorities in the Officials and Administrators and Professionals EEO categories reside in the City. Thus whatever success we have had in these crucial areas has been in large part due to our ability to attract and retain non resident minority employees. This capacity is taken away by the ordinance.

Two of the most recent significant minority hires in the City were the Chief Public Health Officer and the Vice President for Human Resources at the Hospital. Neither candidate likely would have been interested in the position for which they applied and were ultimately accepted had they been affected by the residency ordinance. They have established community ties elsewhere and moving would have presented such life changes as to make accepting the position in Cambridge with move in requirements very unlikely. One of the hires took place after the residency ordinance was in effect. The only way that was possible was because the Hospital expected to be exempt from the ordinance before the six month deadline for moving into the City took effect.

Thus, had the ordinance been effectively in place we would most likely have missed out on two very important hires and been unable to attract these outstanding candidates.

The Ordinance Makes Hard to Fill Jobs Harder to Fill

The Hospital provides clear example of the problems with the ordinance. In the view of the Hospital Administrator and those involved in recruiting and hiring, the ordinance is completely unworkable. Even with a depressed health care labor market, restricting the department to Cambridge residents and those with the flexibility to move to Cambridge for the hundreds of jobs that supervise three or more or pay over \$50,000 is impossible. Nurses, nurse managers, physicians, technicians, supervisors of technicians, and administrators with hospital experience remain scarce enough that the Hospital simply can not recruit for competent help from such a narrow base.

Although the City's labor market is not as specialized as that of the Hospital, the problem is the same and very real. The filling of one recent senior position illustrates the case. There was extensive advertising and network recruiting done. Every effort was made to attract Cambridge residents. A much larger than average pool of candidates was interviewed to be sure that no possibly plausible resident was overlooked. This slowed the process considerably. In the end the clearly best qualified candidates were persons who lived outside the City and for whom moving in was not a viable option. The City ended up hiring the person who was determined by the interviewing team (including the City Manager) to be the best qualified candidate (by far), but, in order to do that we had to restructure the job to make it part time and non supervisory, a clearly unsatisfactory solution.

Similar adjustments have had to be made in other departments, in order to hire the best qualified candidate available. The problem can arise frequently with positions which pay under \$50,000 but supervise three or more. There is currently a highly visible leadership position being filled which does not pay \$50,000 but supervises more than three. The screening committee has determined there are no current Cambridge residents who applied who are thought worthy of being considered as finalists. The prospects of persuading any of the qualified non resident candidates to move into the City after securing the position are slim. Thus, by default, we may be required to select a current City employee not required to move in, whether or not that person is in fact the best qualified, or to readvertise and recruit again, at considerable expense and delay, with uncertain results.

Another department was successful earlier this year in hiring the best qualified candidate (non resident) for a supervisory position paying under \$50,000. The person hired understood the requirements of the ordinance and agreed to move into the City within the proscribed time period. That person is now "frantically" searching for affordable housing within the City, and the department is facing the prospect of losing the employee to other employment that does not regulate where he lives if he is unsuccessful in his search.

Specialized positions are also very difficult. The Finance Department is currently attempting to recruit and hire a Network Engineer to manage the substantial investment

we are making in hardware and fiber optic cable wiring for our local area network and other data processing and technology needs. City salary scales already diminish the attractiveness of the position for experienced private sector professionals, including employed persons currently residing in the City. The requirement to move here imposes a burden that to date has been impossible to overcome, jeopardizing the entire technology initiative including efforts to upgrade classroom based technology in the School Department.

Unemployment in Cambridge

If we were hiring current Cambridge residents for jobs we would not have to deal with the difficulty of asking non residents to move in. But there are not a large number of Cambridge residents actively seeking work in the kinds of positions for which the "move in" requirements apply. Cambridge has one of the lowest unemployment rates in the Greater Boston area. According to the most recent figures available from the Department of Employment and Training (April, 1996), the unemployment rate in Cambridge is only 2.7%. Only 1,521 Cambridge residents were unemployed and looking for work at that time. This compares to a statewide unemployment rate of 4.8% for the same time period. Looking again at the same five counties from which we could conceivably draw commuting employees, the unemployment rate (excluding Cambridge) was 4.3%, with nearly 85,000 persons unemployed and looking for work.

Although most of the employees we would be hiring for supervisory and high salary positions would likely be employed at the time of hire, the low unemployment rate for Cambridge (and the metropolitan area--where 4.3% is virtually full employment) indicates a strong local job market, where prospective experienced candidates for positions may have many career opportunity alternatives that present attractive salaries, portable pension plans, and no residency regulations.

The Impact of the Ordinance Is Broader Than Many Realize

The problems with the residency ordinance are not just limited to high salary and supervisory positions. One of the less well understood provisions affecting non supervisors making less than \$50,000 requires that, when other employment factors are relatively equal, the position must be offered to a current Cambridge resident.

This provision applies to both entry level and promotional positions. Shortly after the ordinance went into effect, a non union technical position opened in one of the departments. The position was posted internally and externally advertised. A twenty year City employee with strong ties to the city but with residence in Somerville applied, as well as a number of city residents who were not employees. The nature of the position was such that the extensive City service of the current employee was not a significant employment factor giving him a clear advantage. The job was different enough from his prior position that his prior City service did not, in itself make him a better candidate. Under the circumstances, it was very likely that the external resident applicants would be, in relevant employment factors, relatively equal to the twenty year

employee, who was perfectly qualified to do the work. Ultimately, because the external resident candidates were determined to be a particularly weak group, the position was awarded to the long time City employee, but that is not likely to be the case for most such positions in the future.

In this case and conceivably many others in the future, a person who had grown up and lived in Cambridge for many years but who moved out in order to buy housing he could afford for his family once he was ready to become a homeowner, almost lost out to individuals with no particular local ties, who had moved into Cambridge within three months of the date we advertised to fill the vacancy. This absolute preference provision will likely cause significant inequity in the future.

This provision (granting absolute preference to residents over relatively equally qualified current employees) currently has limited applicability because most union contracts provide some preference for current members in promotional situations. It is a very real issue for non union positions however. The protection that union contracts may be thought to provide may in the future generate more interest in unionization among some of our non union employees, even though we are attempting to persuade unions to accept the provisions of the residency ordinance, as contracts are reopened for bargaining.

CONCLUSION

Although in effect for less than six months, the residency ordinance has already caused significant disruption and distortion in the hiring process for several important and difficult to fill positions. As more and more positions become affected by it in the future (as vacancies occur and positions turn over), the disruption will be predictably greater. Both Affirmative Action and quality in hiring will suffer because of the artificial limitations placed on the recruitment pool. The only reasons we are not yet in crisis are 1) relatively few critical vacancies that have occurred during the time of the operation of the ordinance and 2) the Hospital has operated as if the ordinance would not apply by the time any new employees would be required to move into the City.

The residency ordinance is the most drastic alteration in the rules governing City hiring since the adoption of the Plan E Charter. The ordinance is undermining City efforts to improve in crucial areas of Affirmative Action and in hiring the best candidates for positions. It should be repealed.



EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

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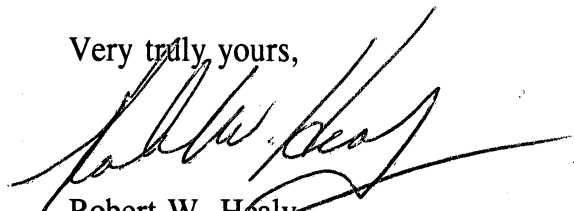
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July 29, 1996

To The Honorable, The City Council:

In response to Awaiting Report Item No. 10, regarding the effects of the residency ordinance on hiring, please find attached a response from Personnel Director Michael Gardner.

Very truly yours,



Robert W. Healy
City Manager

RWH/mec
attachment

Consent Agenda #8

Rec. 1

Relative to Awaiting Report Item Number
Ten, regarding the effects of the
residency ordinance on hiring.

S-457

9-16-96

Referred to Civil & Human
Rights Committel stands

In City Council July 29, 1996

Charter right was
exercised by
Councillor Toomey

9-9-96

Referred to Civil and Human
Rights Committee
Reconsideration filed by
Counallor Toomey