

SUBJECT

FY21 Operating Budget: Office of the County Executive (CEX)

EXPECTED ATTENDEES

Andrew Kleine, Chief Administrative Officer
 Fariba Kassiri, Deputy Chief Administrative Officer
 Nicole Gyapong, Office of the County Executive
 Jane Mukira, Office of Management and Budget

EXECUTIVE RECOMMENDATION

FY21 Executive Recommendation	\$5,907,876	33.70 FTE
Increase (Decrease) from FY20	(\$3,668) (0.0%)	(0.8 FTE) (2.3%)

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

FY21 Council Staff Recommendation	\$5,867,920	33.70 FTE
Increase (Decrease) from FY20	(\$43,624) (0.7%)	(0.8 FTE) (2.3%)
Increase (Decrease) from CE FY21 Rec	(\$39,956) (0.7%)	0.0 FTE --

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

- This budget included FY21 compensation adjustments of \$39,956. The Council will review and discuss compensation and benefits for all the County Government separately.

CONTINUITY OF SERVICES FROM FY20

- Increases from establishment of Business Advancement Team.** Shift of 5.0 positions from the Department of Finance and 3.0 positions from the Community Engagement Cluster to form a Business Advancement Team. Of the positions transferred from Finance, 2.0 are charged to the Incubator NDA and 1.0 to the Conference Center NDA. The net increase to the CEX budget is \$773,933, however the shifts are budget neutral compared to FY20. Seven of the transferred positions are currently filled, and one is vacant (as of March 2020). Aligned with this budget action, the Executive has requested Bill 20-20 to formally rename the existing Business Solutions Group as the Business Advancement Team and establish it within CEX.

- **Decreases from shifts to other offices.** Decreases from shifting the Chief Labor Relations Officer position to the proposed Office of Labor Relations (\$161,949), the Chief Equity Officer position to the Office of Racial Equity and Social Justice (\$179,346), and the CountyStat program into the Office of Management and Budget (\$622,181). Each of these shifts are budget-neutral with corresponding increases in the receiving offices.
- **Establishment of Innovation Accelerator with existing staff.** An Innovation Accelerator team is created within the office that “creates space and support for workers to collaborate cross-departmentally as they improve processes, reduce costs and errors, and improve customer service.” This team is staffed by 2.0 FTE that are already in the CEX FY20 budget as part of the CAO team. Related to innovation efforts, the Executive does not recommend any funding for the Innovation Fund NDA in FY21.
- **Additional proposed staffing change (not included in budget).** The Executive proposed Expedited Bill 22-20 that would: 1) create the non-merit appointed position of Director of Strategic Partnerships within the Office of the County Executive; and 2) eliminate the requirement that the Director of the Criminal Justice Coordinating Commission (CJCC) position be filled by a non-merit appointee. The duties of the CJCC position have already been assigned to an existing Assistant Chief Administrative Officer. While this proposed change is not incorporated into the FY21 budget request and the Council will take up the legislation separately, staff wanted to highlight this issue since the legislation was submitted as part of a package with the operating budget. The fiscal impact statement prepared for the legislation states that there would be no fiscal impact from the change.
- **Other changes:**
 - Increases from reduction in budgeted lapse, migration of personnel costs from the White Oak CIP to the operating budget, annualization of the Chief Digital Officer position, and annualization of FY20 compensation increases.
 - Decreases from print and mail adjustment, motor pool adjustment, retirement cost adjustment, increased chargeback to the Department of Permitting Services, and annualization of FY20 personnel costs.

POTENTIAL REDUCTIONS

- None identified.

POTENTIAL ITEMS RELATED TO COVID-19

- None identified.

This report contains:

County Executive’s FY21 Recommended Operating Budget: Office of the County Executive ©1-7

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County Executive

RECOMMENDED FY21 BUDGET

\$5,907,876

FULL TIME EQUIVALENTS

33.70

 MARC ELRICH, COUNTY EXECUTIVE

MISSION STATEMENT

The Office of the County Executive provides political leadership to the community and administrative direction to the County's departments and offices. The Office is committed to providing accurate, timely, and effective support to the County Executive and the Chief Administrative Officer (CAO) as they carry out their responsibilities to residents and employees of Montgomery County in an atmosphere that is characterized by excellence, efficiency, openness, equity, and integrity.

BUDGET OVERVIEW

The total recommended FY21 Operating Budget for the Office of the County Executive is \$5,907,876, a decrease of \$3,668 or 0.06 percent from the FY20 Approved Budget of \$5,911,544. Personnel Costs comprise 86.13 percent of the budget for 36 full-time position(s) and six part-time position(s), and a total of 33.70 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 13.87 percent of the FY21 budget.

County Priority Outcomes

The Office of the County Executive supports and also enforces all seven of the County Executive's Priority Outcomes.

Performance Measures

The primary focus of the Office of the County Executive is to provide policy direction, reinforce accountability, and ensure the achievement of results for our residents. In support of these objectives, this office primarily uses the following tools to measure the effectiveness of the policy directions provided to County departments:

1. Departmental performance plans, headline performance measures, and program performance measures that are reviewed and monitored on a routine basis;
2. A "Dashboard" reporting system on departments' headline performance measures and program performance measures that monitors and reports to the public, in real time, the County's successes and challenges; and
3. Seven priority outcomes and 21 key indicators of County performance and quality of life.

INITIATIVES

- ★ Continue to expand the Innovation Accelerator program, increasing participation among County employees and partners to empower a workforce that makes the County a more effective, efficient, and equitable place to work for both internal and external stakeholders and delivers the best results for County taxpayers.
- ★ Create the Business Advancement Team and realign key staff in order to provide oversight and leadership on business programs including incubator management, economic development incentives and financing programs, business development projects, and other business-related special initiatives.
- ★ Continue to focus on results-based accountability across County departments through several strategic efforts such as Outcome Budgeting, a 10-Year Financial Plan, and the Turn the Curve approach.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ Through expansion of the Innovation Program, oversee myriad cross-departmental projects to improve processes, reduce costs and errors, and improve customer service for County residents, partners, and employees.
- ★ Internal Audit completed and published ten audit reports (FY19 and FY20, to date), including reviews of the following: procure-to-pay operations; Access ID Card program; cashiering operations in the Department of Finance; use of field orders and change orders by the Department of General Services; grant operations in the Department of Health and Human Services; warehouse inventory management in Alcohol Beverage Services; and a risk assessment of the County's information technology environment.
- ★ Working with Departments, Internal Audit has seen continued progress in closure of open recommendations from Intergovernmental Relations, Office of Legislative Affairs, and Internal Audit reviews; with a closure rate of 90 percent.
- ★ Completed multiple Innovation Accelerator courses wherein participants focused on topics within their sphere of influence to reduce waste and improve outcomes for both internal and external stakeholders. Within Innovation Accelerator courses, facilitated discussions and encouraged peer support that resulted in employees completing projects such as shifting to an on-demand model in lieu of printing solicitations thereby saving the Office of Procurement countless man hours and thousands of sheets of paper; and successfully reducing processing time at the Department of Permitting Services for customers to receive a fuel storage tank permit while concurrently cutting the error rate related to these permits in half.

PROGRAM CONTACTS

Contact Nicole Gyapong of the Office of the County Executive at 240.777.2516 or Jane Mukira of the Office of Management and Budget at 240.777.2754 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

★ Administration

The Administration program provides budget development and analysis, fiscal and inventory control, personnel and payroll management, training and supervision, procurement, and contract administration.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	318,429	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(5,624)	0.00
FY21 Recommended	312,805	2.00

Business Advancement Team

The Business Advancement Team will serve as a visible point of entry for the business community by coordinating the delivery of County services and projects related to business development. The office will guide business clients in identifying where to go for assistance, and ensure results-driven relationships and projects with related business development organizations outside the realm of County government.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	0	0.00
Shift: Five Positions from Finance to Support Operations of the Business Advancement Team	697,980	5.00
Shift: Three Positions from Community Engagement Cluster to Business Advancement Team	467,878	3.00
Shift: Charge to Conference Center NDA	(123,974)	(1.00)
Shift: Charge to Incubator NDA	(275,117)	(2.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	7,166	0.00
FY21 Recommended	773,933	5.00

CAO - Supervision & Management of Executive Branch Departments

The Chief Administrative Officer (CAO) oversees the operations and services of all departments and offices of the Executive Branch. The CAO also advises the County Executive on all administrative and government operations/service-related matters and coordinates final review and decision-making on policies, programs, service delivery, budgets, legislation, regulations, and related matters. The CAO uses the following to carry out his responsibilities; 1) The Constituent Services section coordinates responses to correspondence and electronic mail from our residents and identifies community/residents' concerns that require special attention/response; 2) The Innovation Program creates space and support for workers to collaborate cross-departmentally as they improve processes, reduce costs and errors, and improve customer service. This program also ensures effective utilization of the Innovation Loan Fund; 3) The Business Advancement Team administers programs to support the growth and expansion of businesses in the County and serves as the business community's point of entry into the County government, providing direct services such as training and technical assistance through Business Connect, assistance with County processes and procedures, and economic development project incentives. The Business Advancement Team also manages the County's incubator network system and coordinates the implementation of the White Oak and White Flint Master Plans; and 4) The Criminal Justice Coordinating Commission (CJCC) seeks to enhance cooperation among the agencies involved in the criminal justice system in Montgomery County and to ensure that they address the issues facing the system.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	3,719,932	24.50
Increase Cost: Reduction in Budgeted Lapse	168,917	0.00
Increase Cost: Migration of Personnel Costs from White Oak CIP to Operating Budget	90,243	0.50
Increase Cost: Chief Digital Officer Position	71,887	0.40
Increase Cost: Workforce Adjustment	0	0.60
Technical Adj: Additional Charges to Department of Permitting Service	(69,884)	(0.30)
Shift: Program Manager II Charged to Vision Zero NDA	(106,186)	(1.00)
Shift: Chief Labor Relations Officer Position to New Office of Labor Relations	(161,949)	(1.00)
Shift: Chief Equity Officer Position to Office of Racial Equity and Social Justice	(179,346)	(1.00)

FY21 Recommended Changes	Expenditures	FTEs
Shift: Transfer Two Positions to the Innovation Accelerator Program	(318,420)	(2.00)
Shift: Reorganization-Merger CountyStat and Office of Management and Budget	(622,181)	(4.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	194,229	1.00
FY21 Recommended	2,787,242	17.70

County Executive - Policy Planning and Development

The County Executive oversees the enforcement of the laws of Montgomery County and provides executive direction to all departments and offices of the County government. The County Executive develops policies; proposes services, programs, budgets, and legislation to the County Council; adopts Executive Orders and Regulations; and appoints citizens to boards, committees, and commissions.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	1,332,343	7.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(223,795)	(1.00)
FY21 Recommended	1,108,548	6.00

Innovation Accelerator

The Innovation Program creates space and support for workers to collaborate cross-departmentally as they improve processes, reduce costs and errors, and improve customer service.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	0	0.00
Shift: Transfer Two Positions from Chief Administrative Officer	318,420	2.00
Enhance: Lead for America Fellow	50,000	0.00
Enhance: Operating Expenses for Innovation Accelerator	10,000	0.00
FY21 Recommended	378,420	2.00

Internal Audit

The Internal Audit program provides independent strategic risk-based auditing services. The core function of this program is to improve internal controls and provide reasonable assurance of reliable financial reporting; effective and efficient operations; legal and regulatory compliance; fraud investigations and deterrence; and the safeguarding of County assets.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	540,840	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	6,088	0.00
FY21 Recommended	546,928	1.00

BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	4,140,618	3,996,046	3,871,556	4,031,213	0.9 %
Employee Benefits	1,112,585	1,163,795	1,247,542	1,056,974	-9.2 %
County General Fund Personnel Costs	5,253,203	5,159,841	5,119,098	5,088,187	-1.4 %
Operating Expenses	755,642	751,703	662,742	819,689	9.0 %
County General Fund Expenditures	6,008,845	5,911,544	5,781,840	5,907,876	-0.1 %
PERSONNEL					
Full-Time	36	34	34	36	5.9 %
Part-Time	5	6	6	6	—
FTEs	35.50	34.50	34.50	33.70	-2.3 %
County General Fund Revenues	0	0	0	0	—
GRANT FUND - MCG					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund - MCG Personnel Costs	0	0	0	0	—
Operating Expenses	616	0	0	0	—
Grant Fund - MCG Expenditures	616	0	0	0	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
DEPARTMENT TOTALS					
Total Expenditures	6,009,461	5,911,544	5,781,840	5,907,876	-0.1 %
Total Full-Time Positions	36	34	34	36	5.9 %
Total Part-Time Positions	5	6	6	6	—
Total FTEs	35.50	34.50	34.50	33.70	-2.3 %
Total Revenues	0	0	0	0	—

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
	FY20 ORIGINAL APPROPRIATION	5,911,544 34.50
<u>Changes (with service impacts)</u>		
Enhance: Lead for America Fellow [Innovation Accelerator]	50,000	0.00
Enhance: Operating Expenses for Innovation Accelerator [Innovation Accelerator]	10,000	0.00

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
Other Adjustments (with no service impacts)		
Shift: Five Positions from Finance to Support Operations of the Business Advancement Team [Business Advancement Team]	697,980	5.00
Shift: Three Positions from Community Engagement Cluster to Business Advancement Team [Business Advancement Team]	467,878	3.00
Shift: Transfer Two Positions from Chief Administrative Officer [Innovation Accelerator]	318,420	2.00
Increase Cost: Reduction in Budgeted Lapse [CAO - Supervision & Management of Executive Branch Departments]	168,917	0.00
Increase Cost: Migration of Personnel Costs from White Oak CIP to Operating Budget [CAO - Supervision & Management of Executive Branch Departments]	90,243	0.50
Increase Cost: Chief Digital Officer Position [CAO - Supervision & Management of Executive Branch Departments]	71,887	0.40
Increase Cost: FY21 Compensation Adjustment	39,956	0.00
Increase Cost: Annualization of FY20 Compensation Increases	35,731	0.00
Increase Cost: MLS Pay for Performance (Increase to Base Pay)	4,475	0.00
Increase Cost: Workforce Adjustment [CAO - Supervision & Management of Executive Branch Departments]	0	0.60
Decrease Cost: Print and Mail Adjustment	(1,707)	0.00
Decrease Cost: Motor Pool Adjustment	(7,667)	0.00
Decrease Cost: Retirement Adjustment	(19,974)	0.00
Technical Adj: Additional Charges to Department of Permitting Service [CAO - Supervision & Management of Executive Branch Departments]	(69,884)	(0.30)
Decrease Cost: Annualization of FY20 Personnel Costs	(72,750)	0.00
Shift: Program Manager II Charged to Vision Zero NDA [CAO - Supervision & Management of Executive Branch Departments]	(106,186)	(1.00)
Shift: Charge to Conference Center NDA [Business Advancement Team]	(123,974)	(1.00)
Shift: Chief Labor Relations Officer Position to New Office of Labor Relations [CAO - Supervision & Management of Executive Branch Departments]	(161,949)	(1.00)
Shift: Chief Equity Officer Position to Office of Racial Equity and Social Justice [CAO - Supervision & Management of Executive Branch Departments]	(179,346)	(1.00)
Shift: Charge to Incubator NDA [Business Advancement Team]	(275,117)	(2.00)
Shift: Transfer Two Positions to the Innovation Accelerator Program [CAO - Supervision & Management of Executive Branch Departments]	(318,420)	(2.00)
Shift: Reorganization-Merger CountyStat and Office of Management and Budget [CAO - Supervision & Management of Executive Branch Departments]	(622,181)	(4.00)
FY21 RECOMMENDED		5,907,876 33.70

PROGRAM SUMMARY

Program Name	FY20 APPR Expenditures	FY20 APPR FTEs	FY21 REC Expenditures	FY21 REC FTEs
Administration	318,429	2.00	312,805	2.00
Business Advancement Team	0	0.00	773,933	5.00
CAO - Supervision & Management of Executive Branch Departments	3,719,932	24.50	2,787,242	17.70

PROGRAM SUMMARY

Program Name	FY20 APPR Expenditures	FY20 APPR FTEs	FY21 REC Expenditures	FY21 REC FTEs
County Executive - Policy Planning and Development	1,332,343	7.00	1,108,548	6.00
Innovation Accelerator	0	0.00	378,420	2.00
Internal Audit	540,840	1.00	546,928	1.00
Total	5,911,544	34.50	5,907,876	33.70

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY20 Total\$	FY20 FTEs	FY21 Total\$	FY21 FTEs
COUNTY GENERAL FUND					
Permitting Services	Permitting Services	199,985	1.00	209,651	0.90
CIP	Capital Fund	263,092	1.60	90,244	0.50
NDA - Conference Center	General Fund	0	0.00	122,579	1.00
NDA - Incubator Programs - Economic Development Partnership	General Fund	0	0.00	265,800	2.00
NDA - Vision Zero	General Fund	0	0.00	126,163	1.00
Total		463,077	2.60	814,437	5.40

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
COUNTY GENERAL FUND						
EXPENDITURES						
FY21 Recommended	5,908	5,908	5,908	5,908	5,908	5,908
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	11	11	11	11	11
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	5,908	5,919	5,919	5,919	5,919	5,919

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