



**Staff:** Gene Smith, Legislative Analyst  
**Purpose:** Review – straw vote expected  
**Keywords:** FY21 Operating Budget

AGENDA ITEM #23  
 May 5, 2020  
**Worksession**

**SUBJECT**

WorkSource Montgomery Non-Departmental Account (NDA)

**EXPECTED ATTENDEES**

Leonard Howie, WorkSource Montgomery  
 Pofen Salem, Office of Management and Budget

**EXECUTIVE RECOMMENDATION**

FY21 Executive Recommendation	\$1,445,594	0.00 FTE
Increase (Decrease) from FY20	(\$245,000) (14.5%)	0.00 FTE 0.0%

**COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET**

FY21 Council Staff Recommendation	<b>\$1,265,594</b>	<b>0.00 FTE</b>
Increase (Decrease) from FY20	(\$425,000) (25.1%)	0.00 FTE 0.0%
Increase (Decrease) from CE FY21 Rec	(\$180,000) (12.5%)	0.00 FTE 0.0%

**EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES**

- Addition of \$180,000 for Summer R.I.S.E. stipends. Based on preliminary discussions, this program will not operate as it did in FY20. These stipends are not required in FY21, and the Council will continue to monitor the program’s future needs.

**CONTINUITY OF SERVICES FROM FY20**

- Included (\$425,000) in reductions from the elimination of the Pepco/Exelon merger. This four-year funding expired in FY20.
- The organization is undergoing transition with an interim CEO and a new Workforce Development Board.
  - A FY21 draft budget will be prepared but was not ready for this Council worksession.
  - See an overview of its FY20 expenditures as of March 2020 on ©2.

**POTENTIAL REDUCTIONS**

- None.

## POTENTIAL ITEMS RELATED TO COVID-19

- WorkSource Montgomery is partnering with the State, County, and other non-profit partners on an outreach campaign to disseminate information about unemployment eligibility and benefits.

### **This report contains:**

Executive recommended FY21 budget  
WSM's FY20 budget as of March 2020

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 **WorkSource Montgomery, Inc**

This is the private non-profit corporation authorized by Council Resolution 18-295 as the County's designated workforce development corporation. WorkSource Montgomery, Inc. has been designated to implement the County's workforce development policies established by the Workforce Development Board to promote job growth and talent attraction.

FY21 Recommended Changes	Expenditures	FTEs
<b>FY20 Approved</b>	<b>1,690,594</b>	<b>0.00</b>
Enhance: Summer Rise Program	180,000	0.00
Eliminate: Pepco/Excelon Merger Funds	(425,000)	0.00
<b>FY21 Recommended</b>	<b>1,445,594</b>	<b>0.00</b>

**WorkSource Montgomery, Inc.**  
 Summary of Results for the Nine Months Ended March 31, 2020  
 (Unaudited)

	Actual	Budget	Actual v. Budget	Primary Drivers of Actual v. Budget
<b>Revenues</b>	\$ 4,310,717	5,450,584	(1,139,866)	Revenue recognized lower than budgeted revenues: federal (WIOA/DEI - \$1,196,000), state (\$264,000 DORS); offset by higher revenues from county \$122,000 and private sources \$222,000.
<b>Expenses</b>	4,115,392	5,273,374	(1,157,981)	Program service costs (\$1,125,000), personnel costs (\$173,000), and professional fees of (\$59,000); offset by higher indirect costs \$188,000 (primarily amortization of leaseholds) and a \$31,500 paper loss on the disposal of donated furniture.
<b>Net Income</b>	<b>195,325</b>	<b>177,210</b>	<b>18,115</b>	

	Mar-20	Jun-19	
<b>Assets</b>			
Cash & cash equivalents	\$ 2,276,159	\$ 2,183,394	<p align="center"><b>Revenues by Source</b></p>
Accounts receivable, net	425,510	18,370	
Unbilled Draw Downs - WIOA, State and Local	829,270	1,130,392	
Prepaid Expenses and Other assets	24,917	64,921	
<b>Current Assets</b>	<b>3,555,855</b>	<b>3,397,077</b>	
Fixed Assets, net	2,279,859	111,360	
Security Deposit - Westfield Lease	70,845	302,654	
<b>Long-term Assets</b>	<b>2,350,704</b>	<b>414,014</b>	
<b>Total Assets</b>	<b>5,906,559</b>	<b>3,811,091</b>	
<b>Liabilities and Net Assets</b>			
Accounts Payable & Credit Card	424,536	645,284	<p align="center"><b>Expenses by Major Category</b></p>
Accrued Expenses and Personnel Costs	79,446	321,553	
Security Deposit Loan, Current Portion	50,000	60,000	
Deferred Revenue	735,466	249,447	
<b>Current Liabilities</b>	<b>1,289,447</b>	<b>1,276,284</b>	
Deferred Rent (Non-cash GAAP Requirement)	166,361	66,425	
Security Deposit Loan - Montgomery County	-	35,000	
Tenant Improvement Loan - Eagle Bank	959,742	-	
<b>Long-term Liabilities</b>	<b>1,126,103</b>	<b>101,425</b>	
Unrestricted Net Assets	3,491,009	2,433,382	
<b>Net Assets</b>	<b>3,491,009</b>	<b>2,433,382</b>	
<b>Total Liabilities and Net Assets</b>	<b>5,906,559</b>	<b>3,811,091</b>	

<b>Key Performance Indicators</b>	Mar-20	Jun-19	
Current Ratio - Current Assets ÷ Current Liabilities - measures WSM's ability to pay current liabilities with current cash and/or assets readily convertible to cash.	2.8	3.2	<p align="center"><b>Distribution of Expenses</b></p>
Months of Operating Cash - Cash and cash equivalents ÷ Budgeted Operating Expenses - measures WSM's resources to pay for projected corporate operating expenses.	4.2	4.0	
	<b>Actual</b>	<b>Allowable</b>	
Indirect Cost Rate - total year-to-date Indirect Overhead Costs (Class 7100 before allocations) ÷ total year-to-date Grant and Program Expenses (All Grant Classes). Measures WSM's ability to recover allocable Indirect Overhead Costs from Grants and Programs. Maximum recoverable rate is 10% (i.e., WSM is not funding allocable Indirect Overhead Costs from unrestricted net assets). FY19 rate was 10.0%.	9.1%	10.0%	