



Staff: Susan J. Farag, Legislative Analyst
Purpose: To make preliminary decisions – straw vote expected
Keywords: #ConsumerProtection
#FY21OperatingBudget

AGENDA ITEM #24
May 5, 2020
Worksession

SUBJECT

FY21 Operating Budget – Office of Consumer Protection (OCP)

EXPECTED ATTENDEES

Eric Friedman, Director, OCP
Rafael Murphy, Office of Management and Budget (OMB)

EXECUTIVE RECOMMENDATION

FY21 Executive Recommendation	\$2,234,642	16.60 FTE
Decrease from FY20	(\$144,075) (6.1%)	0 FTE 0%

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

FY21 Council Staff Recommendation	\$2,199,926	16.60 FTE
Increase (Decrease) from FY20	(\$178,791) (7.5%)	0 0%
Increase (Decrease) from CE FY21 Rec	(\$34,716) (1.6%)	0 FTE 0%

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

Council staff recommends one item not included in continuity of services for reduction: FY21 Compensation Adjustment of \$34,716.

CONTINUITY OF SERVICES FROM FY20

The Executive's Recommended FY21 Operating Budget also includes the addition of one IT Specialist II position for an additional \$48,214. This is a position that the office has needed for years to help with case management, tracking, maintaining the CALMS database, and performing other IT functions that help modernize work processes and increase efficiency. Council staff notes that the office is very small yet handles complex cases that are often time intensive and require highly specialized expertise. While DTS has been able to help provide IT support, it's not ideal to meet everyday workflow and process needs that an OCP staff person would understand. Since the recommended budget also removes OCP's one budget manager, without the IT position, the office will lack strong technical support that must either be handed off to other staff, or left undone.

It is difficult to quantify the impact that OCP has on helping consumers avoid lengthy and expensive court cases. However, given the current COVID-related backlog of cases in the court system,

the significant disruption to the economy by public health stay at home orders, including increased fraud concerns, OCP services will continue to be critical to community members and a resource that helps divert additional cases from the courts. Council staff is recommending approving this position in order to maintain continuity of services for the office.

PROPOSED REDUCTIONS DUE TO SOCIAL DISTANCING RESTRICTIONS

- None.

POTENTIAL ITEMS RELATED TO COVID-19

OCP may see an increase in COVID-related fraud cases.

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Consumer Protection

RECOMMENDED FY21 BUDGET

\$2,234,642

FULL TIME EQUIVALENTS

16.60

 ERIC FRIEDMAN, DIRECTOR

MISSION STATEMENT

The mission of the Office of Consumer Protection (OCP) is to enforce consumer protection laws prohibiting unfair and deceptive business acts or practices to ensure a fair marketplace for consumers and businesses. Activities include complaint resolution, business registration, law enforcement, education, legislation, advocacy, and outreach to vulnerable consumers.




BUDGET OVERVIEW

The total recommended FY21 Operating Budget for the Office of Consumer Protection is \$2,234,642, a decrease of \$144,075 or 6.06 percent from the FY20 Approved Budget of \$2,378,717. Personnel Costs comprise 94.14 percent of the budget for 17 full-time position(s) and one part-time position(s), and a total of 16.60 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 5.86 percent of the FY21 budget.

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COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

-  **Thriving Youth and Families**
-  **Effective, Sustainable Government**
-  **A Growing Economy**

INITIATIVES

- ★ The Office of Consumer Protection (OCP) established an internal task force to promote outreach and awareness with Spanish-speaking communities in Montgomery County. This working group of bilingual Investigators, administrative staff, and volunteers is coordinated by a Consumer Protection Administrator and participated in "Latino Roundtable" training provide by the Federal Trade Commission.
- ★ OCP will increase business registration compliance efforts by reviewing expired business registrations to determine whether businesses are operating without active registrations.
- ★ OCP is proactively collaborating with Montgomery County's Public Information Office (PIO) and the Office of Community Partnerships to develop an awareness campaign to address expected scams regarding the 2020 Census.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ OCP conducted a nationwide survey of the best practices demonstrated by other state and local consumer protection offices. Based upon this data, OCP was able to reestablish performance measures for investigative staff and is currently updating its Investigation Manual to provide checklists and best practices for investigating and resolving cases.
- ★ OCP is reviewing its online consumer complaint form to evaluate and streamline the form and process for consumers to request assistance, and to enable the Office to more easily obtain and analyze relevant metrics.

PROGRAM CONTACTS

Contact K. Samuel Buo of the Office of Consumer Protection at 240.777.3760 or Rafael Pumarejo Murphy of the Office of Management and Budget at 240.777.2775 for more information regarding this department's operating budget.

PROGRAM PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable). The FY20 estimates reflect funding based on the FY20 Approved Budget. The FY21 and FY22 figures are performance targets based on the FY21 Recommended Budget and funding for comparable service levels in FY22.

Measure	Actual FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
Program Measures					
Number of business registrations received	482	646	650	650	650
Number of complaint cases received	1,388	1,191	1,200	1,200	1,200
Percent of consumer protection cases closed that are resolved by OCP	54%	51%	53%	58%	60%
Average number of days to Issue a business license / certificate of registration (excluding new home builder registrations)	11.95	18.19	16.75	12.00	10.00
Average time in workdays to investigate and close a written complaint (All complaints)	76	84	80	78	75

PROGRAM DESCRIPTIONS

★ Consumer Protection

The Consumer Protection program is a law enforcement function established in 1971 responsible for enforcing consumer protection laws to prohibit unfair and deceptive business acts to ensure fairness and integrity in the marketplace for consumers and businesses. The program is responsible for receiving, investigating, and resolving complaints, educating consumers and

merchants, and licensing certain businesses.

The program has the authority to issue civil citations for violations of law, issue subpoenas to compel testimony and documents, and collaborate with other agencies to advocate for legislation.

BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	1,560,309	1,640,200	1,693,055	1,593,791	-2.8 %
Employee Benefits	571,952	616,236	647,813	509,882	-17.3 %
County General Fund Personnel Costs	2,132,261	2,256,436	2,340,868	2,103,673	-6.8 %
Operating Expenses	143,219	122,281	63,372	130,969	7.1 %
County General Fund Expenditures	2,275,480	2,378,717	2,404,240	2,234,642	-6.1 %
PERSONNEL					
Full-Time	17	17	17	17	—
Part-Time	1	1	1	1	—
FTEs	16.60	16.60	16.60	16.60	—
REVENUES					
Common Ownership Community Fees	(11,765)	0	0	0	—
Miscellaneous Revenues	506	0	0	0	—
New Home Builder's License	164,720	143,000	143,000	153,000	7.0 %
Other Fines/Forfeitures	1,375	1,000	1,000	1,000	—
Other Licenses/Permits	49,687	60,000	60,000	51,000	-15.0 %
County General Fund Revenues	204,523	204,000	204,000	205,000	0.5 %

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY20 ORIGINAL APPROPRIATION	2,378,717	16.60
<u>Changes (with service impacts)</u>		
Add: Information Technology Specialist II Position [Consumer Protection]	48,214	1.00
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: FY21 Compensation Adjustment	34,716	0.00
Increase Cost: Annualization of FY20 Compensation Increases	19,572	0.00
Increase Cost: Automotive Consultant. [Consumer Protection]	7,377	0.00
Increase Cost: MLS Pay for Performance (Increase to Base Pay)	455	0.00
Increase Cost: Print and Mail Adjustment	135	0.00
Decrease Cost: Motor Pool Adjustment	(1,824)	0.00

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
Decrease Cost: Annualization of FY20 Personnel Costs	(7,377)	0.00
Decrease Cost: Retirement Adjustment	(88,148)	0.00
Shift: Management and Budget Specialist Position to the Office of Management and Budget as Part of the Shared Services Model. [Consumer Protection]	(157,195)	(1.00)
FY21 RECOMMENDED	2,234,642	16.60

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY20 Total\$	FY20 FTEs	FY21 Total\$	FY21 FTEs
COUNTY GENERAL FUND					
Fire and Rescue Service	Fire	79,276	1.00	83,167	1.00

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
COUNTY GENERAL FUND						
EXPENDITURES						
FY21 Recommended	2,235	2,235	2,235	2,235	2,235	2,235
No inflation or compensation change is included in outyear projections.						
Annualization of Positions Recommended in FY21	0	52	52	52	52	52
New positions in the FY21 budget are generally assumed to be filled at least two months after the fiscal year begins. Therefore, the above amounts reflect annualization of these positions in the outyears.						
Elimination of One-Time Items Recommended in FY21	0	(3)	(3)	(3)	(3)	(3)
Items recommended for one-time funding in FY21, including (fill in major item names based on your Competition List), will be eliminated from the base in the outyears.						
Labor Contracts	0	9	9	9	9	9
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	2,235	2,293	2,293	2,293	2,293	2,293

ANNUALIZATION OF FULL PERSONNEL COSTS

	FY21 Recommended		FY22 Annualized	
	Expenditures	FTEs	Expenditures	FTEs
Information Technology Specialist II Position	45,214	1.00	97,155	1.00
Total	45,214	1.00	97,155	1.00