



Staff: Blaise DeFazio, Senior Legislative Analyst
Purpose: Receive briefing and have discussion – no vote expected
Keywords: #OMB, #Budget

AGENDA ITEM #24
 April 28, 2020
Worksession

SUBJECT

FY21 Operating Budget: Office of Management and Budget

EXPECTED ATTENDEE

Richard Madaleno, Director, Office of Management and Budget
 Chris Mullin, Manager, Office of Management and Budget

OFFICE OF MANAGEMENT AND BUDGET

EXECUTIVE RECOMMENDATION

FY21 Executive Recommendation	\$6,467,868	41.25 FTEs
Increase over FY20	\$1,261,581 (24.2%)	8.00 FTEs (24.1%)

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

FY21 Council Staff Recommendation	\$6,385,207	41.25 FTEs
Increase over FY20	\$1,178,920 (22.6%)	8.0 FTEs (24.1%)
Decrease from CE FY21 Rec	-\$82,661 (-1.3%)	0.0 FTE (0.0%)

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

- FY21 Compensation Adjustment – Increase of \$82,661

CONTINUITY OF SERVICES FROM FY20

- **Merge CountyStat with OMB – Shift of \$622,181 and 4.0 FTEs**
 Moves the CountyStat manager and three analysts from the County Executive’s Office to OMB to have better collaboration between the budget process and monitoring departmental performance to help with the allocation of County resources.
- **Transfer a Manager from DTS, a Vacant Program Specialist from the Ethics Commission, and a Vacant Budget Specialist from Consumer Protection to OMB’s Shared Administrative Resources Team – Shift of \$493,302 and 3.00 FTEs**
 This new team will provide administrative and business functions for smaller County departments and offices to allow them to focus their duties directly on their core missions and functions. As similar positions supporting smaller departments throughout County government become vacant, OMB will work with those departments to determine what functions, if any, could be performed by the Shared Administrative Resources Team. In those instances where the Team could perform those duties, OMB indicated that there could be future efficiencies and cost avoidance by abolishing those future vacant positions.

Other

- Annualization of FY20 Compensation – Increase of \$66,505
- Print and Mail Adjustment – Increase of \$921
- MLS Pay for Performance to Base Pay for FY20 Awards – Increase of \$668
- Retirement Adjustment – Decrease of \$4,657
- Position and FTE Adjustment – Technical Adjustment (Addition) of 1.0 FTE

POTENTIAL REDUCTIONS

- None identified.

POTENTIAL ITEMS RELATED TO COVID-19

- None identified.

This report contains:

County Executive’s Recommended Budget

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Management and Budget

RECOMMENDED FY21 BUDGET
\$6,467,868

FULL TIME EQUIVALENTS
41.25

 **RICHARD S. MADALENO**, DIRECTOR

MISSION STATEMENT

The Office of Management and Budget (OMB) offers a broad-based, objective perspective on public policies, fiscal policies, and performance management to the County Executive, County Council, and other County partners. The analytical work performed in OMB provides policymakers with data and options to make informed decisions. The Office supports and enhances the effective operation of County government, ensuring funds are spent in the most fiscally prudent and socially responsible way, and that performance objectives are achieved. OMB also ensures that County expenditures are made in accordance with Executive policies and Council appropriations, consistent with the County Charter.

BUDGET OVERVIEW




The total recommended FY21 Operating Budget for the Office of Management and Budget is \$6,467,868, an increase of \$1,261,581 or 24.23 percent from the FY20 Approved Budget of \$5,206,287. Personnel Costs comprise 95.50 percent of the budget for 41 full-time position(s) and one part-time position(s), and a total of 41.25 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 4.50 percent of the FY21 budget.

COUNTY PRIORITY OUTCOMES

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

-  **Effective, Sustainable Government**

INITIATIVES

-  Implementing a Shared Services Team that will provide administrative and business functions for smaller County departments and offices to allow them to focus their duties directly on their core missions and functions. This team will be formed with no new County resources by shifting positions and resources no longer needed by other departments and will create future cost savings.
-  Developing the Operating Budget Workforce Module to replace the remaining Hyperion functionality for better data integrity and ease of use. The system is being developed in-house at limited additional cost to the County.
-  Continue refining the Montgomery County approach to outcomes based budgeting by examining base department and office budgets, evaluating programs for outcomes, and implementing plans to help departments and office achieve those outcomes.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ☀ Implemented an outcomes-based approach to budgeting. For the development of the FY21 budget, OMB formed Budget Outcome Leadership Teams that involved employees from across County government to review proposals for programs and enhancements. These teams deliberated the requests, conferred with department directors and staff on their impact, and presented recommendations to the County Executive. This review process provided invaluable insight into the programs and their work greatly contributed to the Executive's recommendations.
- ☀ Instituted a Program Evaluation and Expenditure Review (PEER) process comprised of OMB analysts, management, and representatives from the Chief Administrative Officer's Office who reviewed base budget expenditures of departments and offices to identify duplicated services and determine whether more efficient ways to perform services exist.
- ☀ In conjunction with County departments and offices, mapped each program in County government to one of the Executive's seven priority outcomes and associated Key Indicators (where appropriate). As a result of this process, many existing programs were redefined and expenditures were realigned in order to ensure that each program in County government was focused on achieving defined, measurable outcomes.
- ☀ Merged CountyStat into the Office of Management and Budget from the County Executive's Office. This merger creates greater synergy between the budget process and monitoring departmental performance to ensure that the County's resources are allocated in the most fiscally prudent way.

PROGRAM CONTACTS

Contact Chris Mullin of the Office of Management and Budget at 240.777.2772 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					
Public engagement with budget: Attendance at budget forums	500	560	560	560	560
Overall Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award ratings: Percent rated outstanding or proficient ¹	96.8%	97.0%	97.8%	97.9%	98.0%
Percent of staff satisfied with usefulness of OMB IT systems	83%	85%	88%	89%	90%

¹ The fiscal year shown for GFOA rating corresponds to the fiscal year during which the budget was prepared (e.g. FY17 GFOA results apply to FY18 budget document, which was prepared during FY17).

PROGRAM DESCRIPTIONS

☀ **Fiscal, Policy, and Performance Analysis**

The Fiscal, Policy, and Performance Analysis Program is comprised of three teams: the Fiscal and Policy Analysis Team, the Performance Analysis Team (CountyStat), and the Shared Services Team. Together, these teams ensure prudent management of

County resources and services to achieve desired outcomes. Staff on the Fiscal and Policy Analysis Team prepare the County's Operating and Capital Budgets, Public Services Program, and Capital Improvement Program ensuring compliance with the County Charter and the decisions of elected officials. The Performance Analysis Team provides data analytics services to improve performance and support for ongoing monitoring the effectiveness of County government services to improve performance, reinforce accountability, and focus on results. The Shared Services Team promotes the efficient use of County resources by providing core administrative and business functions to smaller County departments and offices, thereby allowing those departments and offices to focus their duties directly on their core missions and functions.

BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,629,888	3,950,086	3,735,390	5,003,895	26.7 %
Employee Benefits	1,008,569	1,046,201	1,059,686	1,172,812	12.1 %
County General Fund Personnel Costs	4,638,457	4,996,287	4,795,076	6,176,707	23.6 %
Operating Expenses	138,597	210,000	253,272	291,161	38.7 %
County General Fund Expenditures	4,777,054	5,206,287	5,048,348	6,467,868	24.2 %
PERSONNEL					
Full-Time	33	33	33	41	24.2 %
Part-Time	1	1	1	1	—
FTEs	33.25	33.25	33.25	41.25	24.1 %

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY20 ORIGINAL APPROPRIATION	5,206,287	33.25
Other Adjustments (with no service impacts)		
Shift: Reorganization - Merge CountyStat and Office of Management and Budget [Fiscal, Policy, and Performance Analysis]	622,181	4.00
Shift: Shared Administrative Resources Model	493,302	3.00
Increase Cost: FY21 Compensation Adjustment	82,661	0.00
Increase Cost: Annualization of FY20 Compensation Increases	66,505	0.00
Increase Cost: Print and Mail Adjustment	921	0.00
Increase Cost: MLS Pay for Performance (Increase to Base Pay)	668	0.00
Technical Adj: Position and FTE Adjustment [Fiscal, Policy, and Performance Analysis]	0	1.00
Decrease Cost: Retirement Adjustment	(4,657)	0.00
FY21 RECOMMENDED	6,467,868	41.25

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY20 Total\$	FY20 FTEs	FY21 Total\$	FY21 FTEs
COUNTY GENERAL FUND					
Human Resources	Employee Health Self Insurance	85,371	0.50	99,619	0.50

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
COUNTY GENERAL FUND						
EXPENDITURES						
FY21 Recommended	6,468	6,468	6,468	6,468	6,468	6,468
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY21	0	(25)	(25)	(25)	(25)	(25)
Items recommended for one-time funding in FY21, including one-time operating costs associated with the merger of CountyStat and the creation of the Shared Services Team, will be eliminated from the base in the outyears.						
Labor Contracts	0	38	38	38	38	38
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	6,468	6,481	6,481	6,481	6,481	6,481