



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

GEORGE LEVENTHAL
COUNCILMEMBER
AT-LARGE

May 9, 2016

Memorandum

To: Tim Firestine
From: George Leventhal *GL*
RE: Disclosure

This is in response to your May 4 memorandum to Council President Floreen titled "PHED Committee Review of the Recreation Department's Operating Budget."

In the course of our current budget deliberations I have sought certain information on the Executive's Arts Ball, as the Council routinely requests from any organization or non-profit receiving county funds. The Arts Ball Committee has requested that \$200,000 be appropriated to match funds received at the ball, with proceeds to be awarded to arts organizations. I have requested four years of revenues and expenditures for the Arts Ball, and also for the process by which the grants are awarded. OMB has stated that they do not have this information because the Executive's Arts Ball is not part of County government, and the Arts Ball Committee has refused to disclose the information.

The Chair of the Arts Ball Committee has stated that the Arts Ball "receives no government funding," and yet your memorandum discloses that a Department of Economic Development sponsorship of \$10,000 has been received by the Ball Committee. Your memorandum does not state how many years this funding was provided. Can you please reply with this information?

Jacob Sesker, our analyst who handles the budget of the Department of Economic Development, has reviewed the budget and the County's open data, available online, to try to determine exactly how much money has been given to the Arts Ball in addition to the matching funds provided by the Council. The number last year appears to be \$10,000, but it is difficult to determine.

Funds for the Executive's Arts Ball are disbursed to the Community Foundation, but that organization receives county funds each year for multiple purposes. While the "spending Montgomery" website facilitates a search of payments to specific vendors, it does not provide insight into the purposes of the payments to each vendor.

Furthermore, while the database does include "expense categories," there may be situations in which similar expenditures are placed into different expense categories by the user departments. Other County databases do not contain additional information about the purpose of the expenditure—for example, while County contracts can be searched, the recipients/vendors may not have a contract or the contract may exist but is not available online.

That said, here is a summary of what we have found regarding county payments to the Community Foundation.

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- Almost all of the expenditures are categorized as grants, and the paying department is characterized as “Non-Departmental Accounts”;
- Most of those are for odd amounts and presumably relate to other grants, though it is unknown whether those grants were specifically appropriated by the County Council;
- The payments that clearly stand out are the ones from account #64306 (DED);
- In both 2014 and 2015, DED spent \$10,000 for marketing/sponsorships with this vendor (#21745, The Community Foundation);
- In 2016, DED made 3 payments of \$10,000 to this vendor (including two that appear to have occurred on the same day);
- DED has indicated that one of those payments was for the “World of Montgomery Festival;”
- Of the remaining two payments of \$10,000 it is not clear whether one of them represents simply a duplicate payment or whether it relates to the Arts Ball.

This inquiry raises questions about the other functions clearly receiving county funds that have not been appropriated by the County Council, specifically the Montgomery County Executive Hispanic Gala, the World of Montgomery Festival and Montgomery Sister Cities.

A search for payments related to the Hispanic Gala has resulted in the following findings:

- Total payments of \$99,750 to vendor #58674 (“MARYLAND HISPANIC COALITION/MONTGOMERY HISPANIC GALA”) since 2014;
- The numbers are all round numbers (\$1,000, \$1,250, \$2,500, \$5,000, \$15,000, \$20,000);
- Of that total amount, payments from departments represent \$97,250 with the remaining \$2,500 coming from “restricted donations”, i.e. money that the County receives from donors for a specific purpose;
- Among the departmental expenditures, two payments of \$20,000 each made in 2015 may or may not be related to the Hispanic Gala;
- As such, it isn’t clear based on a preliminary review whether the sponsorships total \$57,250 or \$97,250 or some other amount altogether;
- Recreation spent \$5,000 in each of the three fiscal years available (2014, 2015, and 2016) and in all 3 cases the expenditure was categorized as recreation supplies/equipment;
- HHS spent \$2,500 in 2014 and \$5,000 in 2015 (characterized as miscellaneous operating expenses);
- OHR spent \$2,500 in 2015 and \$2,500 again in 2016 (characterized as miscellaneous operating expenses);
- Finance spent \$2,500 in 2015;
- Liquor Control spent \$2,500 and \$2,500 again in 2016;
- DHCA spent \$2,500 categorized as advertising/sponsorships in 2015 and then \$2,500 again in 2016;
- OMB spent \$1,250 in 2015;
- Transportation spent \$1,000 in 2016.

None of these funds were appropriated by the County Council for these purposes.

Information is also available online about some other recipients of sponsorships. For example, the database shows total payments to the Strathmore Foundation of \$87,050 since 2013. It appears that \$27,050 of this amount may be unrelated to the annual gala. The remaining \$60,000 consist of annual payments of \$10,000 made by Finance and Economic Development. DED characterizes the expenditures

as “advertising/sponsorships,” while Finance characterizes them as “miscellaneous operating expenditures”.

I appreciate the county’s award-winning efforts at transparency, referred to in your memorandum. Consistent with this goal, I am again writing to request financial statements detailing revenues and expenses for the Executive’s Arts Ball for Fiscal Years 2013, 2014, 2015 and 2016. I am also requesting the same information for the Executive’s Hispanic Scholarship Gala, the World of Montgomery Festival and the Montgomery Sister Cities.

I believe that the arts, scholarships, celebrating diversity and fostering relationships with international communities are all worthy goals. My request for disclosure in no way should be interpreted as undermining these worthy goals. I have raised money myself for the Sister Cities effort for the San Francisco Gotera Public Hospital in Morazán, El Salvador. However, large amounts of undisclosed funds, some raised from private interests doing business with the county and intermingled with amounts of government funds that are difficult to ascertain, cannot be perceived as a transparent practice or one consistent with the goals of good government.

I have consistently urged that all money for the arts be funneled through the Arts and Humanities Council, the organization defined in the county code as the county arts organization (Montgomery County Code, Section 5A-2). Therefore, I don’t believe we should be sponsoring arts events other than through the Arts & Humanities Council. In addition, I’ve worked very hard to establish grant processes to community organizations that are transparent and based on merit. If we’re going to make grants or sponsorships of scholarship programs or other worthy community events, they should be included in the Community Grants NDA. I’ve discussed this with the chair of the Government Operations committee and hope to hold a joint committee session on this topic in the near future.