

GO #2
April 11, 2011

MEMORANDUM

April 7, 2011

TO: GO Committee
FROM: ^{CHS} Charles H. Sherer, Legislative Analyst
SUBJECT: FY12 operating budget for the Office of Management and Budget, section 34 in the Executive's budget

The following may attend:

Joe Beach, Director
Alex Espinosa, OMB Manager
Beryl Feinberg, OMB Manager
Angela Dizelos, OMB Manager

Relevant pages from the operating budget are attached starting at ©1.

Overview

For FY12, the Executive recommends total expenditures of \$3,381,500, up \$62,710 or 1.9% from the FY11 approved budget of \$3,318,790. Workyears will increase by 0.5, from 24.5 to 25.0, and the number of positions will stay the same at 31. Of the 31 positions, 3.5 are charged to the CIP for the ERP project and the equivalent of two positions will be kept vacant to achieve lapse savings. Workyears are down 4.0, or 13.8%, from FY10. Personnel costs account for 96.8% of the budget, and operating expenses (mostly for printing the budgets) account for the remaining 3.2%. See the table at the top of the next page for detail.

Some of OMB's major responsibilities are preparing the budgets, reviewing the budgets with the Council, responding to various requests for additional information from the Council and Council staff, preparing the fiscal plan and performance measures, and preparing fiscal and economic impact statements for legislation. One of their major tasks over the period FY08-12 was to administer eight budget savings processes to close a total gap of approximately \$2.5 billion.

OMB received the Distinguished Budget award from the Government Finance Officers Association in FY11, for the 28th consecutive year.

Budget Summary

	FY10 Actual	FY11 Approved	FY12 CE Recommended	Change from FY11-12	
				Amount	%
Expenditures	3,582,493	3,318,790	3,381,500	62,710	1.9%
Positions:					
Full time	33	31	31	0	0.0%
Part time	0	0	0	0	NA
Total positions	33	31	31	0	0.0%
Workyears	29.0	24.5	25.0	0.5	2.0%

Last year, OMB explained their FY11 budget as follows:

“The challenge we faced in FY11 is to maintain our core mission while providing added support to the Enterprise Resource Planning (ERP) project. FY11 will be a critical year for development and implementation of the budgeting modules for the ERP and OMB staff played a central role in assuring the successful roll-out July 1, 2011, of new PSP and CIP Budget Preparation functions. This required a significant investment in staff resources including director, budget managers, IT staff, analysts, and administrative staff.”

This year, OMB explained their FY12 budget as follows:

“As part of Phase 1C of the Enterprise Resource Planning Project, OMB is working with the Technology Modernization team to implement the Hyperion system. Hyperion is intended to replace all of the major systems currently used in the capital and operating budget process including replacement of the BPS/BPREP mainframe application, the CIP Submission system, and the CIP and BASIS decision support and publication applications. OMB staff will be extensively involved in the design, development, documentation, and testing of the Hyperion system.”

FY12 Expenditure Issues

The major changes from FY11 to FY12 are explained below.

Item	Expenditures	Workyears
FY11 approved budget	3,318,790	24.5
Changes		
Annualize FY11 Personnel costs. This cost includes turnover cost differences, longevity cost increases, proficiency promotions, and other personnel cost differences, including retirement and group insurance.	113,000	0.0
Restore personnel costs for furlough days which occurred in FY11 but the Executive does not propose repeating in FY12.	77,730	1.0
Minor changes	1,570	0.0
Retirement adjustment. This savings and the next result from the Executive's proposal to reduce County costs for retirement and group insurance and to shift some County costs to employees.	(26,240)	0.0
Group insurance adjustment	(36,860)	0.0
Shift charges to Group Insurance Fund. OMB will charge the Fund for OMB's support of the Fund, just like County Attorney, Finance, and Human Resources have always done.	(66,490)	(0.5)
Total changes	62,710	0.5
FY12 Executive's recommended budget	3,381,500	25.0

Council staff recommendation: Approve the Executive's recommended budget. The Office is already understaffed and should not be further reduced.

Management and Budget

MISSION STATEMENT

The mission of the Office of Management and Budget (OMB) is to support and enhance the effective, efficient operation of County government, maintain the County's fiscal integrity and financial condition, and preserve the County's AAA bond rating by developing, promulgating, and applying appropriate budgetary policies and procedures; providing accurate, timely, and objective information and recommendations to the County Executive, County departments, the County Council, and the general public; preparing and administering the operating and capital budgets in compliance with the County Charter, generally accepted accounting principles, and the policy agendas of elected officials; and ensuring that available resources are efficiently allocated and productively used.

BUDGET OVERVIEW

The total recommended FY12 Operating Budget for the Office of Management and Budget is \$3,381,500, an increase of \$62,710 or 1.9 percent from the FY11 Approved Budget of \$3,318,790. Personnel Costs comprise 96.8 percent of the budget for 31 full-time positions for 25.0 workyears. Operating Expenses account for the remaining 3.2 percent of the FY12 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ **A Responsive, Accountable County Government**

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below. The FY11 estimates incorporate the effect of the FY11 savings plan. FY12 and FY13 targets assume the recommended FY12 budget and FY13 funding for comparable service levels.

Measure	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Program Measures					
Overall Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award ratings - percent rated outstanding or proficient ¹	91.4	98.8	99.0	100.0	100.0
Percentage of customers rating OMB services as good or very good on the OMB Customer Survey for the budget process ²	NA	76.4	76.0	80.0	80.0
Percent of customers rating the ability of OMB staff to provide effective support in solving problems as somewhat or very effective on the OMB Customer Survey for the budget process	NA	92.0	95.0	95.0	95.0
Percent of customers rating the quality of OMB training and instructional materials as good or very good on the OMB Customer Survey for the budget process	NA	78.7	85.0	90.0	95.0
Average number of days to process requests: Budget Adjustment	5.9	5.4	6.0	6.0	6.0
Average number of days to process requests: Position Profile Form	10.1	7.8	8.0	NA	NA
Average number of days to process requests: County Executive Correspondence	2.8	6.9	7.0	6.0	5.0
Average number of days to process requests: Future fiscal impacts of legislation	10.4	23.8	24.0	20.0	20.0

¹ The fiscal year shown for GFOA ratings corresponds to the fiscal year during which the budget was prepared (e.g, FY10 GFOA results apply to the FY11 budget document, which was prepared during FY10).

² The fiscal year shown in connection with all OMB Customer Survey results corresponds to the fiscal year during which the budget was prepared (e.g, FY10 results apply to the process of preparing the FY11 budget, which occurred during FY10). The survey was not administered for the FY09 budget process.

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ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Administered eight separate fiscal reduction processes in FY08-FY12 that provided solutions for closing approximately \$2.5 billion budgetary shortfalls, produced balanced budgets, and preserved and advanced key County priorities.*
- ❖ *Administered a procurement freeze effective December 2009, an expanded encumbrance liquidation process, and a hiring freeze process since 2008 to reduce expenditures.*
- ❖ *Maintained the County Government tax supported budget growth rate to 1.0% and the overall County budget growth rate to 1.8%.*
- ❖ *Conducted county-wide grants training, and continue to review and recommend almost 300 grant applications, awards, and modifications per year.*
- ❖ *Productivity Improvements*
 - *During FY12, OMB will devote significant resources to coordinating the implementation of a new capital and operating budget enterprise application.*
 - *Initiated web-enabled application for non-profit organizations to submit requests for the County Executive's Community Collaboration Grants to the Office of Management and Budget.*
 - *Developed prototype for first ERP data warehouse including reports and projection tools for quarterly analysis and expenditure monitoring.*
 - *Implemented new method for reflecting slippage for CIP Spending Affordability Guideline (SAG) consideration, resulting in capital project data that more accurately reflects expected spending patterns, as requested by departments.*
 - *Fully automated CIP Project Description Form (PDF) small map files that reduced OMB and department staff processing time.*

PROGRAM CONTACTS

Contact Angela Dizelos of the Office of Management and Budget at 240.777.2758 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Budget Preparation and Administration

The Budget Preparation and Administration program covers the annual preparation of the Capital Budget, the six-year Public Services Program and Operating Budget, and the various activities designed to assure compliance with the County Charter and decisions of elected officials. The six-year Capital Improvements Program is prepared during even-numbered calendar years. Fiscal policy and procedures are developed to assure conformity with generally accepted accounting principles and County policies.

Six-year fiscal projections are prepared, including the identification of various Executive fiscal policy proposals and planning allocations. Fiscal planning assumptions and debt capacity analyses are updated, guidance is provided to departments and agencies, and budget recommendations are given to the Executive and Council. In addition, special analyses to monitor expenditures and revenues are conducted periodically during the year. County Executive transfers, Council transfers, and supplemental appropriations are handled as are transactions involving the creation, deletion, and movement of positions in the official position complement.

Related work includes participation in collective bargaining and compensation policy development; fiscal management and policy development; management analyses; measurement initiatives; program evaluations; fiscal impact analyses of legislation and regulations; development and amendment of administrative procedures; development and monitoring of user fees and other revenues; grants coordination; and contract review. The office's leadership, administration, automation, and process management are also included in this program. Staff provide OMB representation on the Contract Review Committee, the Interagency Group on Energy and Utilities Management, the Board of Investment Trustees of the pension system, the Diversity Council, the Telecommunications Transmission Facility Coordinating Group, and the Labor Relations Policy Committee.

BUDGET SUMMARY

	Actual FY10	Budget FY11	Estimated FY11	Recommended FY12	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,708,624	2,399,900	2,406,780	2,566,170	6.9%
Employee Benefits	796,994	811,350	761,220	706,220	-13.0%
County General Fund Personnel Costs	3,505,618	3,211,250	3,168,000	3,272,390	1.9%
Operating Expenses	76,875	107,540	108,380	109,110	1.5%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	3,582,493	3,318,790	3,276,380	3,381,500	1.9%
PERSONNEL					
Full-Time	33	31	31	31	—
Part-Time	0	0	0	0	—
Workyears	29.0	24.5	24.5	25.0	2.0%

FY12 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY11 ORIGINAL APPROPRIATION	3,318,790	24.5
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY11 Personnel Costs	113,000	0.0
Increase Cost: Restore Personnel Costs - Furloughs	77,730	1.0
Increase Cost: Printing and Mail Adjustment	1,230	0.0
Increase Cost: Help Desk - Desk Side Support	340	0.0
Decrease Cost: Retirement Adjustment	-26,240	0.0
Decrease Cost: Group Insurance Adjustment	-36,860	0.0
Shift: Charges to the Group Insurance Fund	-66,490	-0.5
FY12 RECOMMENDED:	3,381,500	25.0

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY11		FY12	
		Total\$	WYs	Total\$	WYs
COUNTY GENERAL FUND					
CIP	CIP	463,200	3.5	463,200	3.5

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY12	FY13	FY14	(\$000's)		
	FY15	FY16	FY17			
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY12 Recommended	3,382	3,382	3,382	3,382	3,382	3,382
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	3,382	3,382	3,382	3,382	3,382	3,382