

MEMORANDUM

April 17, 2012

TO: Government Operations and Fiscal Policy Committee
FROM: Jacob Sesker, Senior Legislative Analyst *JS*
SUBJECT: FY13 Operating Budget: Office of Management and Budget

Those expected to attend this worksession include:

Jennifer Hughes, Director
Angela Dizelos, Manager

- Relevant pages from the FY13 Recommended Operating Budget are attached on © 1-4.

Overview

The Office of Management and Budget (OMB) prepares the Capital Budget, Operating Budget, and Public Services Program. The six-year Capital Improvements Program is prepared during even-numbered calendar years. OMB's other major responsibilities include preparation of fiscal projections, fiscal planning and debt capacity analyses, transfers, supplemental appropriations, and participation in collective bargaining and compensation policy development. This year, as is the case every year, almost all of OMB's costs are in personnel.

The Executive requests total expenditures of \$3,700,505 for FY13, an increase of \$319,005 (an increase of 9.4%) from FY12. The Executive requests an increase of 2.50 FTEs (from 25.00 in FY12 to 27.50 in FY13), of which 2.00 FTEs are attributable to the shift from WYs to FTEs. The increase reflects a shift of 1.00 FTE (Senior IT Specialist) from the Department of Technology Services (DTS) to OMB, and a shift of 0.50 FTE from OMB to the CIP (attributable to ERP support). The Executive request includes a total of 32.00 FTEs (27.50 FTEs in the operating budget and 4.50 FTEs in the CIP).

	FY11 Actual	FY12 Approved	FY13CE Recommended	Change from FY12-13	
				Amount	%
Expenditures	3,211,686	3,381,500	3,700,505	319,005	9.4%
Positions:					
Full time	31	31	31	0	0.0%
Part time	0	0	0	0	NA
Total positions	31	31	31	0	0.0%
FTEs	24.50	25.0	27.5	2.5	10.0%

The Executive is requesting a 9.4% increase in expenditure. This increase is attributable to an increase in retirement adjustment, lump sum wage adjustment, group insurance adjustment, annualization of FY12 personnel costs, and longevity adjustments. Once those adjustments have been accounted for, the remainder of the difference between FY13 and FY12 is almost entirely attributable to a shift of \$119,250 from DTS and a shift of \$62,900 from OMB to the CIP.

The Executive is requesting a 10.0% increase in FTEs. However, almost all of that increase in FTEs is attributable to conversion from WYs to FTEs (i.e., the increase is a result in a change in the measurement, not a change in personnel complement).

FY13 and future expenditure issues

Over the next few years, the ERP project will mature and move from implementation to continuation. Positions that are currently in the capital budget will shift back to the operating budget, and some of those positions may shift back into OMB's operating budget.

Council Staff recommendation: Approve as requested.

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 FY13 Operating Budget for the Office of Management and Budget is \$3,700,505, an increase of \$319,005 or 9.4 percent from the FY12 Approved Budget of \$3,381,500. Personnel Costs comprise 97.1 percent of the budget for 32 full-time positions for 27.50 FTEs. Operating Expenses account for the remaining 2.9 percent of the FY13 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 FY12 estimates reflect funding based on the FY12 approved budget. The FY13 and FY14 figures are performance targets based on the FY13 recommended budget and funding for comparable service levels in FY14.

Measure	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Program Measures					
Overall Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award ratings - percent rated outstanding or proficient ¹	98.8	97.5	98.0	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	76.4	81.3	82.0	82.0	83.0
Percentage 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	92.0	95.7	96.0	96.0	97.0
Percentage 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	78.7	78.6	80.0	90.0	92.0
Average number of days to process requests: Budget Adjustment	5.4	3.2	3.5	3.0	3.0
Average number of days to process requests: Position Profile Form ³	7.9	9.1	NA	NA	NA
Average number of days to process requests: County Executive Correspondence	6.9	4.1	5.0	4.0	4.0
Average number of days to process requests: Future fiscal impacts of legislation	23.8	18.4	20.0	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).

³ With the introduction of the County's new Enterprise Resource Planning system in FY11, the Position Profile Form is no longer used.

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ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Strengthened reserves by increasing total reserves consistent with policy and legal requirements.*
- ❖ *Adhered to the fiscal policy of setting aside 10% of planned GO Bond issue as PAYGO (pay-as-you-go).*
- ❖ *Increased pre-funding of retiree health insurance to maintain schedule of full pre-funding by FY15.*
- ❖ *Included budget for snow removal costs instead of funding from reserves (\$5.9 million).*
- ❖ *Administered a procurement freeze effective December 2009, an expanded encumbrance liquidation process, and a hiring freeze process since 2008 to reduce expenditures.*
- ❖ *In FY11, reviewed and made recommendations for 278 grant applications, awards, and modification, an increase of 5% from the prior year and 18% from FY09.*
- ❖ *Provided analytical support throughout the Collective Bargaining negotiation process.*
- ❖ *Productivity Improvements*
 - *Implemented the first phase of the Hyperion ERP budgeting system.*
 - *Provided solutions for closing approximately 2.5 billion budgetary operating budget shortfalls between FY08 and FY12 (five years), to produce balanced budgets while preserving and advancing key County priorities.*
 - *Implemented a cross-departmental cluster review process to enhance the County's traditional budget process with a goal of increasing focus on the County's priority objectives and sustainable delivery of direct services to residents.*
 - *Continued implementation of Results-Based Budgeting.*

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 FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,335,563	2,566,170	2,557,331	2,651,455	3.3%
Employee Benefits	770,457	706,220	741,414	942,720	33.5%
County General Fund Personnel Costs	3,106,020	3,272,390	3,298,745	3,594,175	9.8%
Operating Expenses	105,666	109,110	108,769	106,330	-2.5%
Capital Outlay	0	0	0	0	---
County General Fund Expenditures	3,211,686	3,381,500	3,407,514	3,700,505	9.4%
PERSONNEL					
Full-Time	31	31	31	32	3.2%
Part-Time	0	0	0	0	---
FTEs	24.50	25.00	25.00	27.50	10.0%

FY13 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY12 ORIGINAL APPROPRIATION	3,381,500	25.00
Other Adjustments (with no service impacts)		
Increase Cost: Retirement Adjustment	125,374	0.00
Shift: Funding for Senior IT Specialist from Department of Technology Services	119,250	1.00
Increase Cost: Lump Sum Wage Adjustment	61,709	0.00
Increase Cost: Group Insurance Adjustment	51,162	0.00
Increase Cost: Annualization of FY12 Personnel Costs	23,650	0.00
Increase Cost: Longevity Adjustment	8,270	0.00
Technical Adj: Conversion of WYs to FTEs in the New Hyperion Budgeting System; FTEs are No Longer Measured for Overtime and Lapse	0	2.00
Shift: Help Desk - Desk Side Support to the Desktop Computer Modernization NDA	-340	0.00
Decrease Cost: Printing and Mail Adjustment	-2,440	0.00
Decrease Cost: Underfill Management and Budget Specialist	-4,730	0.00
Shift: Charges to CIP for Support of ERP Project	-62,900	-0.50
FY13 RECOMMENDED:	3,700,505	27.50

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY12		FY13	
		Totals	FTEs	Totals	FTEs
COUNTY GENERAL FUND					
CIP	CIP	463,200	3.50	526,100	4.00
Human Resources	Employee Health Benefit Self Insurance Fund	66,490	0.50	61,770	0.50
Total		529,690	4.00	587,870	4.50

FUTURE FISCAL IMPACTS

Title	(\$000's)					
	CE REC. FY13	FY14	FY15	FY16	FY17	FY18
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY13 Recommended No inflation or compensation change is included in outyear projections.	3,701	3,701	3,701	3,701	3,701	3,701
Elimination of One-Time Lump Sum Wage Adjustment This represents the elimination of the one-time lump sum wage increases paid in FY13.	0	-62	-62	-62	-62	-62
Subtotal Expenditures	3,701	3,639	3,639	3,639	3,639	3,639

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