

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee

FROM: Justina J. Ferber, Legislative Analyst

SUBJECT: Worksession - Executive's Recommended FY13 Operating Budget -
County Executive Office

Council Staff Recommendation: Approve the County Executive Office budget as submitted.

Those expected for this worksession:

Timothy Firestine, Chief Administrative Officer
Sonetta Neufville, Administrative Specialist III, County Executive Office
Bryan Hunt, Budget Analyst, OMB

The Executive's recommendation for the County Executive Office Budget is on ©1-5.

OVERVIEW

For FY13, the Executive recommends total expenditures of \$4,400,303 for the County Executive's Office (CE), an increase of \$222,563 or 5.3% from the FY12 budget of \$4,177,740.

(in \$000's)	FY11 Actual	FY12 Approved	FY13 CE Recommended	% Change FY12-FY13
Expenditures:				
General Fund	4,467,117	4,051,120	4,273,683	5.5%
Grant Fund	269,716	126,620	126,620	0.0%
TOTAL Expenditures	4,736,833	4,177,740	4,400,303	5.3%
Positions:				
Full-time	34	26	28	7.8%
Part-time	7	5	5	0.0%
TOTAL FTEs	31	26.4	27.2	3.0%

FY12 EXPENDITURE ISSUES

There are no major issues in this budget. Major changes in funding in the Executive Office budget for FY13 relate to increased costs for compensation and benefits and a shift in funding for technology modernization from the CIP. Accomplishments and initiatives for the office are outlined on ©1-2. They include: development and analysis of customer satisfaction surveys; audit reports of departments; productivity improvements related to paper reduction; managing mobile device use and

cost; overtime reduction; issues related to state tax assessment data; data collected by MC311 and departmental performance plans and outcome metrics. The Committee may want the CAO to elaborate on any item not discussed previously with the GO Committee.

Adjustments with no service impact	Workyears	Cost \$
Increase Cost : Retirement Adjustment		103,397
Increase Cost : Technology Modernization		75,100
Increase Cost : Group Insurance Adjustment		65,811
Increase Cost: Lump Sum Wage Adjustment		56,140
Increase Cost: Longevity Admustment		4,270
Increase Cost: Elected Officials Comp		2,627
Increase Cost: Motor Pool Rate Adjustment		2,250
Shift Help Desk to Desktop Comp Mod NDA		-2,110
Decrease Cost: Printing and Mail Adjustment		-3,900
Decrease Cost: CountyStat Interns - 3		-81,022
Tech Adj: Convert WYs to FTEs	0.8	0
Total	0.8	222,563

Cost changes are discussed below division by division.

Office of County Executive FY13 Adjustments and Staffing Changes by Division		
CE - Policy Planning and Development		
FY13 \$1,108,009; 7.0 FTEs		FY12 \$903,490; 6.0 FTEs
\$2,627; 0 FTE	Elected officials compensation adjustment – <i>CE COLA mandated by law</i>	
\$201,892; 1.0 FTE	Multi-program adjustments including compensation and benefits and conversion to the Hyperion budgeting system. <i>A technical adjustment that placed the Base Realignment and Closure Grant and FTE in this division</i>	
CAO- Oversight of Executive Branch Departments		
FY13 \$2,665,785; 17.20 FTEs		FY12 \$2,548,750; 16.40 FTEs
\$75,100; 0 FTE	Increase Cost: Technology Modernization - <i>Restoration of personnel costs previously charged to the CIP</i>	
-\$81,022; 0 FTE	Decrease Cost: Underfill 3 positions in CountyStat program with Public Administration interns – <i>Turnover in this office and its positive experience with Public Administration Interns provides the basis for shifting from career personnel</i>	
\$122,957; 0.8 FTE	Multi-program adjustments including compensation and benefits and conversion of WYs to FTEs; FTEs are no longer measured for overtime and lapse.	
Base Realignment and Closure Grant		
FY13 -\$124,410; 1.0 FTE		FY12 \$124,410; 1.0 FTE
-\$124,410;-1.0 FTE	Shift grant (\$126,620; 1.0 FTE) to Policy Planning and Development Program as part of Multi-program adjustments including compensation and benefits and conversion to the Hyperion budgeting system.	

Internal Audit		
FY13 \$399,070; 1.0 FTE		FY12 \$393,510; 1.0 FTE
\$5,560; 1.0 FTE	Multi-program adjustments including compensation and benefits and conversion to the Hyperion budgeting system.	
Administration		
FY13 \$227,439; 2.0 FTE		FY12 \$207,580; 2.0 FTE
\$19,859; 2.0 FTE	Multi-program adjustments including compensation and benefits and conversion to the Hyperion budgeting system.	

FY12 to FY13 Program Comparison

Program	FY12	FY13
Policy Planning and Development	\$903,490; 6.0 wy	\$1,108,009; 7.0 FTE
Oversight of Executive Branch Depts	\$2,548,750; 16.4 wy	\$2,665,785; 17.2 FTE
Grant – Base Realignment & Closure	\$124,410; 1.0 wy	\$0; 0 wy
Internal Audit	\$393,510; 1.0 wy	\$399,070; 1.0 FTE
Administration	\$207,580; 2.0 wy	\$227,439; 2.0 FTE
Total (includes grant funding)	\$4,177,740; 26.4 wy	\$4,400,303; 27.2 FTE

Highlights

Audit Activity: One position was retained for contract administration. Three audits were completed in FY11: Police Overtime, HHS Fiscal Contract Monitoring, and Liquor Control Point of Sale System. Audits completed for FY12 are DOT & DGS CIP Invoice Controls, DOT Revenue Processing and Imprest Reconciliation, and Finance Purchase Card Program.

Charges to Other Departments: The position of Special Projects Manager for the Bioscience Initiative is charged to the Office of Economic Development (\$174,660; 1.0 FTE).

Rapid Transit Task Force: In the FY12 budget, the Council approved the Transportation, Infrastructure, Energy and Environment Committee's recommendation to shift \$100,000 to the County Executive Office for Financial Advisory Services for the Rapid Transit Task Force. \$100,000 is also included in the FY13 County Executive Office budget for this purpose.

Staff Recommendation:

- **Approve the Executive Office budget as submitted.**

Attachment: Budget Pages ©1-5

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County Executive

MISSION STATEMENT

The Offices of the County Executive provide political leadership to the community and administrative direction to the County's departments and offices. The Offices are committed to providing accurate, timely, and effective support to the County Executive and the Chief Administrative Officer (CAO) as they carry out their responsibilities to residents and employees of Montgomery County in an atmosphere that is characterized by excellence, efficiency, openness, equity, and integrity.

BUDGET OVERVIEW

The total recommended FY13 Operating Budget for the Offices of the County Executive is \$4,400,303, an increase of \$222,563 or 5.3 percent from the FY12 Approved Budget of \$4,177,740. Personnel Costs comprise 87.7 percent of the budget for 28 full-time positions and five part-time positions for 27.20 FTEs. Operating Expenses account for the remaining 12.3 percent of the FY13 budget.

LINKAGE TO COUNTY RESULTS AREAS

The Offices of the County Executive support and also enforce all eight of the County Results Areas.

PERFORMANCE MEASURES

The primary focus of the Offices of the County Executive is to provide policy direction, reinforce accountability, and ensure the achievement of results for our residents. In support of these objectives, this office primarily uses the following tools to measure the effectiveness of the policy directions provided to County departments:

1. Departmental performance plans, headline performance measures and program performance measures that are reviewed and monitored on a routine basis;
2. A "Dashboard" reporting system on departments' headline performance measures and program performance measures that monitors and reports to the public, in real time, the County's successes and challenges; and
3. High level indicators of County performance and quality of life, that serve as a barometer of County performance benchmarked against a regional and national grouping of comparable jurisdictions.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Worked with numerous departments to build, deliver and analyze customer satisfaction surveys which allow for the improvement of programming to better meet the needs of Montgomery County residents.*
- ❖ *Issued audit reports to Departments containing recommendations for improving internal controls and programmatic operations. Implementation of all audit recommendations are closely monitored.*
- ❖ *Productivity Improvements*
 - *Managed the "paper reduction initiative" that has saved the County \$3.3 million dollars in less than two years and significantly improved the County's impact on the environment.*
 - *Developed strategy for better managing and monitoring County mobile device use and cost.*
 - *Continues to analyze and manage the County's overtime reduction efforts which have saved the County more than \$20 million dollars over the past three years.*
 - *Analyzed state tax assessment data and identified several issues of potential concern that are being addressed at the state level.*
 - *Worked with the data being collected by the MC311 system to evaluate the effectiveness of data collection and service delivery process. This has resulted in the change of a number of business processes and improved*

government service.

- Analyzed and managed all Executive departments performance plans and outcome metrics resulting in a range of improved processes, cost savings and program improvements.

PROGRAM CONTACTS

Contact Sonetta Neufville of the Offices of the County Executive at 240.777.2516 or Bryan Hunt of the Office of Management and Budget at 240.777.2770 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

County Executive - Policy Planning and Development

The County Executive oversees the enforcement of the laws of Montgomery County and provides executive direction to all departments and offices of the County government. The County Executive develops policies; proposes services, programs, budgets, and legislation to the County Council; adopts Executive Orders and Regulations; and appoints citizens to boards, committees, and commissions. This program also coordinates the review and analysis of referrals regarding Bethesda Naval Base Realignment related matters and manages the Base Realignment and Closure grant.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	903,490	6.00
Increase Cost: Elected Officials Compensation Adjustment	2,627	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	201,892	1.00
FY13 CE Recommended	1,108,009	7.00

Notes: Multi-program adjustments include the shift of the Base Realignment and Closure Grant (\$126,620, 1.00 FTE) to this program.

Chief Administrative Officer - Oversight of Executive Branch Departments

The Chief Administrative Officer (CAO) oversees the operations and services of all departments and offices of the Executive Branch. The CAO also advises the County Executive on all administrative and government operations/service related matters and coordinates final review and decision-making on policies, programs, service delivery, budgets, legislation, regulations and related matters. The CAO uses the following tools to carry out his responsibilities:

- 1) CountyStat provides a forum for ongoing monitoring and measurement of the effectiveness and efficiency of County government services in order to improve performance, reinforce accountability and focus on results.
- 2) The Constituent Services section coordinates responses to correspondence and electronic mail from our residents and identifies community/residents concerns that require special attention/response.
- 3) The Criminal Justice Coordinating Commission (CJCC) function seeks to enhance cooperation among the agencies involved in the criminal justice system in Montgomery County and to ensure that they address the issues facing the system.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	2,548,750	16.40
Increase Cost: Technology Modernization - Restoration of Personnel Costs	75,100	0.00
Decrease Cost: Underfill Three Positions in Countystat Program with Public Administration Interns	-81,022	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	122,957	0.80
FY13 CE Recommended	2,665,785	17.20

Community Partnerships

The County Executive's Community Partnerships program budget has been shifted to the Community Engagement Cluster.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	0	0.00
FY13 CE Recommended	0	0.00

Base Realignment and Closure Grant

This program coordinates the review and analysis of referrals regarding Bethesda Naval Base Realignment related matters and also manages the Base Realignment and Closure grant.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	124,410	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	-124,410	-1.00
FY13 CE Recommended	0	0.00

Notes: Multi-program adjustments include the shift of this grant (\$126,620, 1.00 FTE) to the County Executive - Policy Planning and Development program.

Internal Audit

The Internal Audit program provides independent strategic risk-based auditing services. The core function of this program is to improve internal controls and provide reasonable assurance of reliable financial reporting; effective and efficient operations; legal and regulatory compliance; fraud investigations and deterrence; and the safeguarding of County assets.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	393,510	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	5,560	0.00
FY13 CE Recommended	399,070	1.00

Administration

The Administration program provides budget development and analysis, fiscal and inventory control, personnel and payroll management, training and supervision, procurement, and contract administration.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	207,580	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	19,859	0.00
FY13 CE Recommended	227,439	2.00

BUDGET SUMMARY

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,147,392	2,781,010	2,759,485	2,896,164	4.1%
Employee Benefits	816,778	741,250	668,238	852,419	15.0%
County General Fund Personnel Costs	3,964,170	3,522,260	3,427,723	3,748,583	6.4%
Operating Expenses	502,947	528,860	476,924	525,100	-0.7%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	4,467,117	4,051,120	3,904,647	4,273,683	5.5%
PERSONNEL					
Full-Time	32	25	25	27	8.0%
Part-Time	7	5	5	5	—
FTEs	28.50	25.40	25.40	26.20	3.1%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	167,798	96,240	96,240	94,167	-2.2%
Employee Benefits	35,686	15,500	15,500	17,573	13.4%
Grant Fund MCG Personnel Costs	203,484	111,740	111,740	111,740	—
Operating Expenses	66,232	14,880	14,880	14,880	—
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	269,716	126,620	126,620	126,620	—
PERSONNEL					
Full-Time	2	1	1	1	—
Part-Time	0	0	0	0	—
FTEs	2.50	1.00	1.00	1.00	—
REVENUES					
Federal Grants	267,216	126,620	126,620	126,620	—
State Grants	2,500	0	0	0	—
Grant Fund MCG Revenues	269,716	126,620	126,620	126,620	—
DEPARTMENT TOTALS					
Total Expenditures	4,736,833	4,177,740	4,031,267	4,400,303	5.3%
Total Full-Time Positions	34	26	26	28	7.7%
Total Part-Time Positions	7	5	5	5	—
Total FTEs	31.00	26.40	26.40	27.20	3.0%
Total Revenues	269,716	126,620	126,620	126,620	—

FY13 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY12 ORIGINAL APPROPRIATION	4,051,120	25.40
Other Adjustments (with no service impacts)		
Increase Cost: Retirement Adjustment	103,397	0.00
Increase Cost: Technology Modernization - Restoration of Personnel Costs [Chief Administrative Officer - Oversight of Executive Branch Departments]	75,100	0.00
Increase Cost: Group Insurance Adjustment	65,811	0.00
Increase Cost: Lump Sum Wage Adjustment	56,140	0.00
Increase Cost: Longevity Adjustment	4,270	0.00
Increase Cost: Elected Officials Compensation Adjustment [County Executive - Policy Planning and Development]	2,627	0.00
Increase Cost: Motor Pool Rate Adjustment	2,250	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	0.80
Shift: Help Desk - Desk Side Support to the Desktop Computer Modernization NDA	-2,110	0.00
Decrease Cost: Printing and Mail Adjustment	-3,900	0.00
Decrease Cost: Underfill Three Positions in Countystat Program with Public Administration Interns [Chief Administrative Officer - Oversight of Executive Branch Departments]	-81,022	0.00
FY13 RECOMMENDED:	4,273,683	26.20

	Expenditures	FTEs
GRANT FUND MCG		
FY12 ORIGINAL APPROPRIATION	126,620	1.00
FY13 RECOMMENDED:	126,620	1.00

PROGRAM SUMMARY

Program Name	FY12 Approved		FY13 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
County Executive - Policy Planning and Development	903,490	6.00	1,108,009	7.00
Chief Administrative Officer - Oversight of Executive Branch Departments	2,548,750	16.40	2,665,785	17.20
Community Partnerships	0	0.00	0	0.00
Base Realignment and Closure Grant	124,410	1.00	0	0.00
Internal Audit	393,510	1.00	399,070	1.00
Administration	207,580	2.00	227,439	2.00
Total	4,177,740	26.40	4,400,303	27.20

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY12		FY13	
		Total\$	FTEs	Total\$	FTEs
COUNTY GENERAL FUND					
CIP	CIP	75,110	0.40	198,387	1.40
Economic Development	County General Fund	0	0.00	174,660	1.00
Total		75,110	0.40	373,047	2.40

FUTURE FISCAL IMPACTS

Title	CE REC.	(\$000's)				
	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	4,274	4,274	4,274	4,274	4,274	4,274
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Lump Sum Wage Adjustment	0	-56	-56	-56	-56	-56
This represents the elimination of the one-time lump sum wage increases paid in FY13.						
Subtotal Expenditures	4,274	4,218	4,218	4,218	4,218	4,218