

MEMORANDUM

May 5, 2010

TO: County Council  
FROM: *CHS*  
Charles H. Sherer, Legislative Analyst  
SUBJECT: Recommendations from the Management and Fiscal Policy Committee regarding FY11 Operating Budget for two NDAs (section 68 in the budget)

**Committee recommendation** The Committee met on April 14 and recommends **approval** of the non-departmental accounts in the table below.

NDA	FY10 Budget	FY11 Executive March 15	FY11 MFP
1. Future Federal/State/Other grants	\$20.0 million	\$20.0 million	<b>\$20.0 million</b>
2. Grants to municipalities in lieu of shares tax	28,020	28,020	<b>28,020</b>

The following may attend, all from OMB:  
Beryl Feinberg, Alex Espinosa, Blaise DeFazio, Bryan Hunt

**I. Future Federal, State, or Other Grants** This account is funded entirely from non-County sources and permits the County Government to accept and spend funds from grants by transferring funds from this account, rather than requesting a supplemental appropriation. This process saves time and paperwork. The appropriation can only be spent if grants are received.

In November 1994, the voters approved a Charter amendment that **excluded** all specific grants, such as these, from the calculation of the aggregate operating budget for spending affordability purposes. There is no "harm" done if the County receives less than the appropriated

amount. If the County receives more, then the Council will have to go through the effort and expense of processing a supplemental appropriation.

As the table above shows, the Executive recommends the same amount for FY11 as the Council approved for FY10. OMB provided the following report for this account through February 2010:

FY10 Original appropriation	\$20,000,000
Less FY10 use of funds	\$11,364,199
Current NDA fund balance	\$8,635,801

Based on the above report for FY10, \$20 million appears to be sufficient for FY11.

**II. Grants to Municipalities in lieu of Shares Tax** This budget is the same each year: \$28,020. In 1968, the State General Assembly revised the tax structure to permit a County income tax, to eliminate a tax on banks and other financial institutions (referred to as a “shares tax”), and to require counties to pay to municipalities each year the amount of the shares tax the municipalities received in 1968, which was \$28,020.

## Desktop Computer Modernization

The Desktop Computer Modernization (DCM) program is based on a best practices approach to maintaining a modern and cost effective computing environment in the County. The program reduces the Total Cost of Ownership (TCO) of personal computers (PCs) and laptops through standardization, asset management, and maintenance services. DCM includes the centralized management, support, and maintenance of PCs and targets the annual replacement of approximately one-fourth of managed PCs. The program also includes PC-related training and software. This NDA includes funding for Help Desk support, management, maintenance, and replacement of PCs.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>6,839,290</b>	<b>0.0</b>
Increase Cost: DCM - Professional Consultant Services	16,660	0.0
Decrease Cost: Reduce PC acquisitions, contract services, and software maintenance for Desktop Computer Modernization (DCM) program.	-375,000	0.0
Reduce: Reduce PC acquisitions, contract services, professional consultant services, hardware acquisition fees, and enterprise server acquisition for Desktop Computer Modernization (DCM) program.	-2,850,000	0.0
<b>FY11 CE Recommended</b>	<b>3,630,950</b>	<b>0.0</b>

## → Future Federal/State/Other Grants

This NDA enables the County to implement new grant-funded programs up to \$200,000 each and provides funds for grant continuations and enhancements without having to process individual supplemental appropriations through the County Council. Upon approval by the County Executive, funds in this program are transferred to the receiving department's grant account.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>20,000,000</b>	<b>0.0</b>
<b>FY11 CE Recommended</b>	<b>20,000,000</b>	<b>0.0</b>

## → Grants to Municipalities in Lieu of Shares Tax

This NDA funds payments required in accordance with State law. The 1968 Session of the General Assembly revised the tax structure to include a County income tax. As part of this restructuring, the shared tax on banks and financial institutions was eliminated, and a provision was adopted which requires counties to pay annually to municipalities the amount (\$28,020) which had been received by the municipalities in FY68.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>28,020</b>	<b>0.0</b>
<b>FY11 CE Recommended</b>	<b>28,020</b>	<b>0.0</b>

## Group Insurance for Retirees

Group insurance is provided to an estimated 4,350 retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed.

The budget does not include employer contributions from participating outside agencies.

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