



# 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 FY17 Operating Budget for the Office of Management and Budget is \$4,303,141, an increase of \$209,286 or 5.11 percent from the FY16 Approved Budget of \$4,093,855. Personnel Costs comprise 97.76 percent of the budget for 32 full-time position(s) and no part-time position(s), and a total of 29.50 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 2.24 percent of the FY17 budget.

## Linkage to County Result Areas

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

### A Responsive, Accountable County Government

## Department Performance Measures

Performance measures for this department are included below (where applicable). The FY16 estimates reflect funding based on the FY16 approved budget. The FY17 and FY18 figures are performance targets based on the FY17 recommended budget and funding for comparable service levels in FY18.

| Measure   | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|---|-------------|-------------|----------------|-------------|-------------|
| <b>Program Measures</b>   |             |             |                |             |             |
| Overall Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award ratings - percent rated outstanding or proficient <sup>1</sup>                     | 93.6        | 98.7        | 98.0           | 98.0        | 98.0        |
| Percentage of respondents rating OMB services as good or very good on the OMB Customer Survey for the budget process <sup>2</sup>   | 87.8        | 79.1        | 82.0           | 85.0        | 85.0        |
| Percentage of respondents rating the ability of OMB staff to provide effective support in solving problems as good or very good on the OMB Customer Survey for the budget process | 90.2        | 77.6        | 80.0           | 82.0        | 85.0        |
| Percentage of respondents rating the quality of OMB training and instructional materials as good or very good on the OMB Customer Survey for the budget process                   | 92.0        | 86.4        | 92.0           | 92.0        | 92.0        |
| Number of budget preparation and system trainings conducted by OMB <sup>3</sup>   | 10          | 16          | 10             | 20          | 10          |

<sup>1</sup> The fiscal year shown for GFOA rating corresponds to the fiscal year during which the budget was prepared (e.g. FY15 GFOA results apply to FY16 budget document, which was prepared during FY15).

<sup>2</sup> 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. FY15 results apply to the process of preparing the FY16 budget, which occurred during FY15).

<sup>3</sup> Increase in FY15 and FY17 are due to additional CIP training conducted during the full CIP years and anticipated roll out of a new CIP system in FY17.

## Initiatives

-  Developing new in-house Capital Budget web-based application leveraging the existing platform developed for the Operating Budget. This intuitive, scalable and mobile-friendly application will provide OMB and County departments with streamlined workflows, enhanced real-time reports and dashboards, prior year / version data archiving, and user management.

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- ★ Working on CIP Funding Report application, aligning OMB and Finance with a standard for all funding sources and Capital projects. The result will reduce time and effort required to reconcile discrepancies with funding sources in Capital projects. The application is housed within the new Capital Budget Framework, requiring no additional software, server or license costs.

## Accomplishments

- ✓ Provided solutions for closing a budget gap of \$3.278 billion between FY08 and FY17 to produce balanced budgets while preserving critical services and advancing key County priorities.
- ✓ Implemented a \$54 million savings plan and continued the procurement and hiring freeze process to close the gap caused by projected FY16 revenue shortfalls.
- ✓ Participated in collective bargaining negotiations for the County Government's three major unions.
- ✓ Formulated a comprehensive simulation model to forecast multiple scenarios for transportation and school impact taxes and developed regression analysis and statistical models for Permitting Services, Liquor Control, and Finance to quantitatively refine revenue and cost forecasts, fee setting, and staffing level analysis.
- ✓ Presented at the Maryland and Washington Metro Area Government and Finance Officers Association (GFOA) conferences and invited to present at the annual National GFOA Conference in Spring of 2016.
- ✓ Continued outreach efforts to promote open data, government transparency, budgeting processes, and to solicit community input into the development of the Operating and CIP budgets. Information and training sessions were held to inform community members and not-for-profit organizations of the community grant application system; CIP and Operating budget forums were held in conjunction with the County Executive's Office and the five Regional Services Centers; budget overview sessions were presented to participants of Leadership Montgomery's Youth Leadership and Emerging Leaders programs; and budget presentations were conducted for visiting dignitaries from the People's Republic of China and the Philippines.
- ✓ Received two NACo awards in FY15 - one for the development and implementation of the On-line Community Grant Application and Reporting System and the other for OMB's Financial Transparency Suite; and received the Government Finance Officers Association (GFOA) Award of Excellence in Government Finance for Open Budget and spendingMontgomery initiatives.
- ✓ Worked with the Department of General Services to identify lease savings that could be used to fund the renovation of the historic Grey Courthouse, maximizing use of existing County assets. Also developed a plan to efficiently fund the co-location of additional departments at the new Maryland-National Capital Park and Planning Commission (M-NCPPC) headquarters building being constructed as part of the Wheaton Redevelopment project.
- ✓ Provided IT guidance and support to various departments:
  - Helped the Department of Transportation design the new MCDOT/Ride On website that displays Ride On bus, Capital Bikeshares, MTA and Metro times;
  - Implemented a new performance measure intake and tracking application for CountyStat, including real-time charts, graphs and tables, exportable data, customized reports, and user access control;
  - Aided Recreation, Consumer Protection, Health and Human Services and Technology Services with strategic use of IT resources and applications; and
  - Assisted the Office of the County Executive to streamline the collection of its departmental performance data and accompanying narratives.
- ✓ Conducted an analysis of snow removal costs and operations and identified opportunities for cost efficiency.

## Productivity Improvements

- ★ Implemented a new operating budget development and reporting system, replacing the outdated system and legacy Access databases with a new, mobile-friendly, application that directly integrates with the County's Enterprise systems and the CountyStat Performance Measure system.

- ★ Converted the static capital budget publication to the County's new on-line open data format. This application has all the benefits of the operating budget publication along with interactive maps that link project information with the project locations throughout the County.
- ★ Implemented the following new system applications and process functionalities to support departments, OMB, and County residents:
  - Expanded access to OMB's knowledge management system - eBudget, increasing departments' capabilities to view data and document status;
  - Implemented a new encumbrance liquidation application allowing all departments to easily select purchase orders to liquidate and process them automatically; and
  - Streamlined processes for submitting grants, procurement and hiring freeze exemption requests, CIP and operating budget submissions and quarterly analysis reports allowing departments to submit directly online through eBudget.
- ★ Reinforced the County's Open Data initiative by adding the capital budget publication and capital projects master list; creating over 300 new CIP project open budget pages; adding over 500 new reports for the operating budget; and linked Department budget pages directly to the corresponding CountyStat open performance measures.

## Program Contacts

Contact Amy Wilson of the Office of Management and Budget at 240.777.2775 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 ensure 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 ensure 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 reviewed and processed 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 a number of committees including the Contract Review Committee, the Interagency Group on Energy and Utilities Management, the Board of Investment Trustees, the Diversity Council, the Telecommunications Transmission Facility Coordinating Group, the Labor Relations Policy Committee, the ERP Steering Committee, the Information Technology Policy Advisory Committee, the Public Safety System Modernization project, the Housing Loan Review Committee, the Collaboration Council of Montgomery County, and the Rapid Transit Steering Committee.

## Budget Summary

|  | Actual<br>FY15 | Budget<br>FY16 | Estimate<br>FY16 | REC<br>FY17 | %Chg<br>Bud/Rec |
|--|----------------|----------------|------------------|-------------|-----------------|
|--|----------------|----------------|------------------|-------------|-----------------|

### COUNTY GENERAL FUND

### EXPENDITURES

|  | Actual<br>FY15   | Budget<br>FY16   | Estimate<br>FY16 | REC<br>FY17      | %Chg<br>Bud/Rec |
|--|------------------|------------------|------------------|------------------|-----------------|
| Salaries and Wages                         | 2,806,320        | 3,108,515        | 2,998,209        | 3,320,602        | 6.8 %           |
| Employee Benefits                          | 913,112          | 879,535          | 914,032          | 886,219          | 0.8 %           |
| <b>County General Fund Personnel Costs</b> | <b>3,719,432</b> | <b>3,988,050</b> | <b>3,912,241</b> | <b>4,206,821</b> | <b>5.5 %</b>    |
| Operating Expenses                         | 105,923          | 105,805          | 98,780           | 96,320           | -9.0 %          |
| <b>County General Fund Expenditures</b>    | <b>3,825,355</b> | <b>4,093,855</b> | <b>4,011,021</b> | <b>4,303,141</b> | <b>5.1 %</b>    |
| <b>PERSONNEL</b>                           |                  |                  |                  |                  |                 |
| Full-Time                                  | 34               | 32               | 32               | 32               | ---             |
| Part-Time                                  | 0                | 0                | 0                | 0                | ---             |
| FTEs                                       | 29.00            | 29.50            | 29.50            | 29.50            | ---             |

## FY17 Recommended Changes

|  | Expenditures     | FTEs         |
|--|------------------|--------------|
| <b>COUNTY GENERAL FUND</b>   |                  |              |
| <b>FY16 ORIGINAL APPROPRIATION</b>   | <b>4,093,855</b> | <b>29.50</b> |
| <b>Other Adjustments (with no service impacts)</b>   |                  |              |
| Increase Cost: Annualization of FY16 Personnel Costs [Budget Preparation and Administration] | 167,806          | 0.00         |
| Increase Cost: FY17 Compensation Adjustment  | 63,861           | 0.00         |
| Increase Cost: Group Insurance Adjustment  | 18,750           | 0.00         |
| Increase Cost: MLS Pay for Performance (Increase to Base Pay)                                | 16,164           | 0.00         |
| Increase Cost: Printing and Mail   | 515              | 0.00         |
| Shift: Telecommunications to the Telecommunications Non-Departmental Account                 | (10,000)         | 0.00         |
| Decrease Cost: Retirement Adjustment   | (47,810)         | 0.00         |
| <b>FY17 RECOMMENDED</b>  | <b>4,303,141</b> | <b>29.50</b> |

## Charges to Other Departments

| Charged Department         | Charged Fund                   | FY16           |             | FY17           |             |
|----------------------------|--------------------------------|----------------|-------------|----------------|-------------|
|                            |                                | Total\$        | FTEs        | Total\$        | FTEs        |
| <b>COUNTY GENERAL FUND</b> |                                |                |             |                |             |
| Human Resources            | Employee Health Self Insurance | 79,522         | 0.50        | 88,240         | 0.50        |
| Technology Services        | General Fund                   | 124,230        | 1.00        | 128,994        | 1.00        |
| CIP                        | Capital Fund                   | 175,936        | 1.00        | 174,205        | 1.00        |
| <b>Total</b>               |                                | <b>379,688</b> | <b>2.50</b> | <b>391,439</b> | <b>2.50</b> |

## Future Fiscal Impacts

| Title  | CE RECOMMENDED (\$000s) |              |              |              |              |              |
|--|-------------------------|--------------|--------------|--------------|--------------|--------------|
|  | FY17                    | FY18         | FY19         | FY20         | FY21         | FY22         |
| <b>COUNTY GENERAL FUND</b>   |                         |              |              |              |              |              |
| <b>EXPENDITURES</b>  |                         |              |              |              |              |              |
| <b>FY17 Recommended</b>  | <b>4,303</b>            | <b>4,303</b> | <b>4,303</b> | <b>4,303</b> | <b>4,303</b> | <b>4,303</b> |
| No inflation or compensation change is included in outyear projections.  |                         |              |              |              |              |              |
| <b>Labor Contracts</b>   | <b>0</b>                | <b>44</b>    | <b>44</b>    | <b>44</b>    | <b>44</b>    | <b>44</b>    |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. |                         |              |              |              |              |              |
| <b>Subtotal Expenditures</b>   | <b>4,303</b>            | <b>4,347</b> | <b>4,347</b> | <b>4,347</b> | <b>4,347</b> | <b>4,347</b> |