

GO COMMITTEE #1  
April 28, 2015

## MEMORANDUM

April 24, 2015

TO: Government Operations and Fiscal Policy Committee  
FROM: Linda Price, <sup>LP</sup> Legislative Analyst  
SUBJECT: FY16 Operating Budget: Office of Management and Budget

Those expected to attend this worksession include:

- Jennifer Hughes, Director, Office of Management and Budget
- Amy Wilson, Office of Management and Budget

Relevant pages from the FY16 Recommended Operating Budget are attached on ©1-4.

**Budget Summary:**

- The Executive's recommended budget for the Office of Management and Budget is \$4,093,855, an increase of \$176,842 or 4.5% over the FY15 budget.

**Council Staff Recommendation:**

- Approve the Executive's Recommended Operating Budget as submitted.

### OVERVIEW

The FY16 Office of Management and Budget (OMB) Operating Budget is almost entirely Personnel Costs, which are 97.4% of the budget. The recommended budget includes \$20,874 reductions to operating expenses from the FY15 approved level of \$126,679. This is a result of the many efficiency enhancements that OMB has rolled out in FY15.

The following table summarizes expenditures and FTEs from FY14-FY16.

	<i>FY14 Actual</i>	<i>FY15 Approved</i>	<i>FY16 Recommended</i>	<i>% Change FY15 - FY16</i>
<b><i>Expenditures by fund</i></b>				
General Fund	3,727,575	3,917,013	4,093,855	4.51%
<b><i>Expenditures by type</i></b>				
Personnel Cost	3,467,748	3,790,334	3,988,050	5.22%
Operating Expenses	259,827	126,679	105,805	-16.48%
<b><i>Total Expenditures</i></b>	<b>3,727,575</b>	<b>3,917,013</b>	<b>4,093,855</b>	<b>4.51%</b>
<b><i>Positions</i></b>				
Full-Time	33	34	32	-5.88%
Part-Time	0	0	0	0
<b><i>FTEs</i></b>	<b>28</b>	<b>29</b>	<b>29.5</b>	<b>1.72%</b>

### FY16 EXPENDITURE ISSUES

The Executive is recommending the following changes to the FY16 budget from the approved FY15 Operating Budget.

#### 1. Same-Service Adjustments

The following table lists same-service adjustments to OMB.

<i>Item</i>	<i>Amount</i>	<i>FTEs</i>
<i>Increase Costs FY16 Compensation Adjustment</i>	136,407	0.0
<i>Increase Costs Annualization of FY15 Personnel Costs</i>	56,840	0.0
<i>Increase Costs Retirement adjustment</i>	15,430	0.0
<i>Increase Costs Group Insurance Adjustment</i>	8,584	0.0
<i>Decrease Costs Printing and Mail</i>	(3,374)	0.0

#### 2. ERP Shift

Executive staff provided the following information regarding the **shifting of \$81,569/0.5 FTEs from the CIP for ERP staff support to the Operating Budget.**

*Prior to FY16, OMB provided staff (3.5FTEs) to support the ERP project. Personnel costs associated with the staff were charged to the CIP. In FY16, two full-time positions will be transferred to DTS to provide continued support to the sustainability of the ERP project; 1FTE (.5 of two positions) will continue to provide support to the ERP project but will be located in OMB and .5 of each position will be charged to DTS as a chargeback; and .5FTE will return to OMB.*

Position	FY15 Approved	FY16 CE Recommended
Manager III	1 FTE charged to CIP	1 FTE shifted to DTS

MBS	1 FTE charged to CIP	1 FTE shifted to DTS
Sr. IT Specialist	.5 FTE charged to CIP .5 FTE charged to OMB	.5 FTE charged to DTS .5 FTE charged to OMB
Sr. IT Specialist	.5 FTE charged to CIP .5 FTE charged to OMB	.5 FTE charged to DTS .5 FTE charged to OMB
Manager III	.5 FTE charged to CIP .5 FTE charged to OMB	1 FTE charged to OMB

### 3. Expenditure Reductions

The Executive's recommended FY16 budget includes minor reductions to operating expenditures and personnel costs. **An increase in lapse of \$101,114** is also included in the recommended budget. OMB reports that the department has four vacant positions (Manager II, Manager III, Management and Budget Specialist, and Administrative Specialist II). OMB will assess staffing needs and consider any impacts to operations to determine which positions to keep vacant in FY16.

There is also a **small reduction of \$17,500 in costs for contractual services**. There are no service impacts as a result of this decrease. A portion of this decrease is a result of the recent collaboration between OMB and Council staff to bring the online grant application system in-house. OMB provided the following update on the online system:

*OMB continues to work with the Council Office on the development and implementation of the online Community Grant application system. We continue to receive only positive feedback from our users speaking to the Portal's ease-of-use and improved application formats.*

*The components of the Montgomery County Grants Portal and the approach to the design of the applications have produced many positive outcomes, including:*

- **Enhanced Community Outreach** – OMB and Council staff conducted four separate training/information sessions reaching approximately 300 individuals and 35-40 not-for-profit organizations that had never applied for County grants before. This was the first time that OMB had participated in direct grants outreach. This enhanced outreach resulted in significantly better relations with the County's not-for-profit partners and receipt of a total 652 applications, a 33 percent increase from the prior year.
- **Efficiencies for Applicants** – The two separate but highly overlapping grants programs were combined into a single web-based point of access for all applicants. Applications for both CE & Council grants were able to be submitted electronically, for the first time. Both applications were streamlined and more closely aligned than ever before. Moving forward, applications from prior years will be portable to the next. These efficiencies afforded all applicants the ability to save time and resources and will continue to do so into the future.
- **Improved Reporting and Accountability** – Staff is able download and format data directly from application and review form fields to generate reports. Enhanced grant outcomes reports will provide greater accountability of programs and organizations for the prudent management of public funds.
- **Built-in Workflow** – Easy to follow (step-by-step) workflow built-in to the system that automates notifications and status updates for both the applicant AND the reviewer.

- **Replacement of Legacy Databases**– This new online system replaced two legacy Microsoft Access Databases from the County Executive.
- **Reduced Resources** – The paper-based application is no longer needed for the County Council and applications do not need to be printed for review. Award letters are now sent electronically rather than individually mailed hard copies. This has saved both financial and environmental resources.
- **Reduced Staff Time** – In the past, it could take up to several days to cross check 501(c)3 status and all organizations' legal names from an IRS inquiry to determine if an applicant was tax-exempt. Now, this process is done automatically and immediately with the single click of a button. Likewise, by having a central database, the applications for both the County Executive and County Council can be viewed and checked simultaneously for errors and duplications. Time is also saved from formatting and printing individual letters and labels, stuffing envelopes, and in generating reports.
- **Mobile & Browser Independent** – accessible across all platforms (desktops, tablets, smartphones) and browsers (IE, Firefox, Chrome, Safari, etc.).
- **ADA Compliance** – By structuring the Montgomery County Grants Portal to meet ADA Standards, a broader, and often underserved, audience of people with disabilities that could not access the grant applications in the past can now be reached.

**Council staff recommends approval of the Executive recommended operating budget for the Department of Management and Budget.**

## OTHER ISSUES

### 4. Follow-up from the FY15 Operating Budget worksession

During the FY15 Operating Budget Worksession, there was discussion regarding the new initiatives and productivity improvements to the operating budget submission process and County open data initiatives. Since that time, OMB has launched eBudget, the Operating Budget Online Publication and budgetMontgomery. OMB provided the following information related to challenges and successes that have been encountered internally and with using departments since rolling out both initiatives.

#### **eBudget**

*This was the first year eBudget was used by departments to electronically transmit CIP and Operating budget submissions. The electronic submission system allowed OMB to generate auto-email-notifications; provided capabilities for sorting, filtering, and searching; allowed multi-file attachments; and provided the ability to create different views. These new enhancements provided OMB and departments quick and easy access to submission data, allowed easy editing capabilities, provided status checks, and enabled OMB to electronically transmit the “rainbow books” to Council staff. By moving to electronic submissions, we not only saved paper, but now have an archive database of each year’s submissions.*

*OMB recently held a series of feedback sessions for department users. The overall feedback was overwhelmingly positive and the department representatives offered suggestions for additional trainings, and system and process improvements which OMB will evaluate. Similar*

*feedback session will be scheduled with OMB staff to discuss internal successes and challenges.*

**dataMontgomery and Operating Budget Publication**

*In July 2014, OMB took a major step forward in Financial Transparency by releasing two new Open Data Initiatives, The Open Data Budget Publication (Operating) and the Budget Module (budgetMontgomery). These were both huge successes and have won awards and recognition across the country, and many other jurisdictions are following this model. We continually look to improve both offerings, and have worked closely with departments and residents to make sure we are providing meaningful content and data. County Council has been especially cooperative and engaging, giving us many ideas that we have implemented, or plan to put in place in the future.*

*We are working towards placing the CIP budget in the Open Data format and anticipate a July launch date.*

*Some of the major challenges we have faced is making sure our data is accurate and correct, fixing bugs in the software, and automating the process to extract the data from Hyperion to CSV format.*

In addition to the above, some enhancements were discussed that would need additional time to develop. Council staff received the following update on these items.

**a. Increasing narrative content in budget books.**

*Now that we have the initial design and development in place, we will look at what we offer in terms of narrative content in the book. We will also look at the type of content we offer, including maps, graphs charts and videos – all of which can easily be incorporated into the on-line version of the publication. We will explore the option of showing relevant datasets from other departments that are published on dataMontgomery. The on-line budget publication will be tied directly to CountyStat's new Open Performance site that uses open data to display departments, headline, program, and supporting performance measures.*

**b. Managing changes and corrections and versions control on budget and dataMontgomery and the Operating Budget Publication.**

*We have strict version control on the data we pass to dataMontgomery and budgetMontgomery through DTS. This was setup by the open data team as a way to make sure that all departments comply with our policies and procedures. With the on-line publications we will look into developing a section that covers changes (change log).*

**c. Adding agency budgets and drilldown features into the budgetMontgomery tool.**

*OMB met with all agencies, including MCPS, Montgomery College and M-NCPPC about including more granular detail in budgetMontgomery. From a technical perspective, this is very easy, but at the time of this writing, DTS was working on contractual issues with Socrata, the County Attorney's Office, and the respective agencies. OMB is looking forward to having this data available.*

# 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 FY16 Operating Budget for the Office of Management and Budget is \$4,093,855, an increase of \$176,842 or 4.5 percent from the FY15 Approved Budget of \$3,917,013. Personnel Costs comprise 97.4 percent of the budget for 32 full-time positions, 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 2.6 percent of the FY16 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 FY15 estimates reflect funding based on the FY15 approved budget. The FY16 and FY17 figures are performance targets based on the FY16 recommended budget and funding for comparable service levels in FY17.

Measure	Actual FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
<b>Program Measures</b>					
Number of budget preparation and system trainings conducted by OMB <sup>1</sup>		10	21	18	18
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	83.3%	90.2%	90.0%	91.0%	91.0%
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	82.0%	92.0%	92.0%	92.0%	92.0%
Overall Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award ratings - percent rated outstanding or proficient <sup>2</sup>	98.5%	93.6%	98.5%	98.5%	98.5%
Percentage of respondents rating OMB services as good or very good on the OMB Customer Survey for the budget process <sup>3</sup>	75.0%	87.8%	88.0%	88.0%	88.0%

<sup>1</sup> The increase in training conducted in FY15 was due to the roll out of Open Budget and the continued roll out of Hyperion.

<sup>2</sup> The fiscal year shown for GFOA rating corresponds to the fiscal year during which the budget was prepared (e.g. FY13 GFOA results apply to the FY14 budget document, which was prepared during FY13).

<sup>3</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. FY13 results apply to the process of preparing the FY14 budget, which occurred during FY13).

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Provided solutions for closing budget gaps of \$3.1 billion between FY08 and FY16 to produce balanced budgets while preserving critical services and advancing key County priorities.**
- ❖ **OMB reinforced Montgomery County's Open Data Initiative by launching a groundbreaking first of its kind interactive online budget publication fueled by its own open data. This Open Data Operating Budget Publication allows accessibility for readers with disabilities, rich content (video, audio, interactive maps and charts, data tables and more), reduces printing costs and decreases time and effort staff spends producing the publication. Additionally, OMB created a high-level, story-board view of the fiscal status of Montgomery County. This new online application, called budgetMontgomery, allows residents to easily comprehend the economic situation across**



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the County through an intuitive visual interface using charts, graphs and maps. ([montgomerycountymd.gov/openbudget](http://montgomerycountymd.gov/openbudget)). At the 2014 National Government and Finance Officers Association (GFOA) conference, OMB presented these innovative applications. Additionally, OMB has been asked to present at the Alliance for Innovation Transforming Local Government conference and the Maryland GFOA conference in spring of 2015.

- ❖ OMB is converting the static Capital Budget Publication to the County's new on-line open data format. This application will have all the benefits of the operating budget publication along with interactive maps that link project information with the project locations throughout the County.
- ❖ OMB partnered with CountyStat to create an internal web-based system to track department performance measures, priority objectives, overviews, and responsive and sustainable leadership measures. This new online system eliminated redundant systems, permitted quick and easy input of data, provided greater sharing and accessibility of data, and was accomplished with no additional costs.
- ❖ OMB enhanced and simplified its website to reflect new initiatives and offerings. This new and intuitive interface focuses on open budget, publications, capital projects and the mission and objectives of the operating and capital budgets (<http://www.montgomerycountymd.gov/omb/>).
- ❖ OMB is replacing its outdated Budget Analysis Submission Input System (BASIS) and legacy access databases with a new, mobile-friendly application that will directly integrate with Hyperion and the CountyStat Performance Measure System.
- ❖ OMB continued its outreach efforts to promote open data and government transparency. Information and training sessions were held to inform community member, not-for-profit organizations, the Executive and Council staff, and representatives from neighboring jurisdictions of the new budget/Montgomery initiative, the on-line operating budget publication, and the new community grant application system. Operating budget forums were held at the five Regional Services Centers and budget presentations were conducted for the Latin American Advisory Group, Montgomery County Civic Federation, the Greater Bethesda-Chevy Chase Chamber of Commerce, and visiting dignitaries from the People's Republic of China.
- ❖ OMB developed regression analysis and statistical models for the departments of Permitting Services, Liquor Control, Recreation, Health and Human Services, and Fire and Rescue Services to quantitatively refine revenue forecasts, fee setting, and staffing level analysis.
- ❖ OMB managed a procurement and position freeze process in response to revenue shortfalls for FY15.
- ❖ OMB participated in collective bargaining negotiations for the County Government's three major unions.
- ❖ Productivity Improvements
  - OMB continued expansion of its Knowledge Management System (eBudget). This streamlined website, which replaced OMB's intranet site, has comprehensive how-to information, documentation, forms, data, certification, etc. New features include: budget submission forms and dashboards, online vehicle requests, administrative procedures, analyst portfolios, and quarterly analysis. OMB won a 2014 National Association of Counties (NACo) award for its eBudget Knowledge Management System.
  - OMB streamlined the budget submission process for both the Operating and Capital Budgets. By leveraging eBudget, departments submitted their budgets online for the first time. Not only did this save time and reduce paper usage, but it also allowed for automated email notifications of status updates, dashboards for tracking submissions, and edit/update capability.
  - OMB, in partnership with County Council, implemented an on-line community grant application and reporting system. The new system standardized the application requirements used by both OMB and Council; streamlined OMB's review process and eliminated the need for contractual staff support; and enhanced OMB's tracking and reporting capabilities improving accountability. OMB received and made recommendations on 335 community grant applications for FY16 awards, an increase of 23% from the previous year.

## 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.

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## **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 FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	2,590,029	2,979,376	2,885,358	3,108,515	4.3%
Employee Benefits	877,719	810,958	912,125	879,535	8.5%
<b>County General Fund Personnel Costs</b>	<b>3,467,748</b>	<b>3,790,334</b>	<b>3,797,483</b>	<b>3,988,050</b>	<b>5.2%</b>
Operating Expenses	259,827	126,679	119,777	105,805	-16.5%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>3,727,575</b>	<b>3,917,013</b>	<b>3,917,260</b>	<b>4,093,855</b>	<b>4.5%</b>
<b>PERSONNEL</b>					
Full-Time	33	34	34	32	-5.9%
Part-Time	0	0	0	0	—
FTEs	28.00	29.00	29.00	29.50	1.7%

## FY16 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
<b>FY15 ORIGINAL APPROPRIATION</b>	<b>3,917,013</b>	<b>29.00</b>
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: FY16 Compensation Adjustment	136,407	0.00
Shift: Enterprise Resource Planning (ERP) staff support from Capital Improvement Program (CIP) to operating budget (two positions are transferred to the Department of Technology Services)	81,569	0.50
Increase Cost: Annualization of FY15 Personnel Costs	56,840	0.00
Increase Cost: Retirement Adjustment	15,430	0.00
Increase Cost: Group Insurance Adjustment	8,584	0.00
Decrease Cost: Printing and Mail	-3,374	0.00
Decrease Cost: Contractual Services	-17,500	0.00
Decrease Cost: Increase Lapse	-101,114	0.00
<b>FY16 RECOMMENDED:</b>	<b>4,093,855</b>	<b>29.50</b>

## CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY15		FY16	
		Totals	FTEs	Totals	FTEs
<b>COUNTY GENERAL FUND</b>					
CIP	CIP	688,365	4.50	175,936	1.00
Human Resources	Employee Health Benefit Self Insurance	83,436	0.50	79,522	0.50
Technology Services	County General Fund	0	0.00	124,230	1.00
<b>Total</b>		<b>771,801</b>	<b>5.00</b>	<b>379,688</b>	<b>2.50</b>

## FUTURE FISCAL IMPACTS

Title	CE REC.			(5000's)		
	FY16	FY17	FY18	FY19	FY20	FY21
<b>This table is intended to present significant future fiscal impacts of the department's programs.</b>						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY16 Recommended</b>	<b>4,094</b>	<b>4,094</b>	<b>4,094</b>	<b>4,094</b>	<b>4,094</b>	<b>4,094</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
<b>Subtotal Expenditures</b>	<b>4,094</b>	<b>4,119</b>	<b>4,119</b>	<b>4,119</b>	<b>4,119</b>	<b>4,119</b>