



OFFICE OF MANAGEMENT AND BUDGET

Marc Elrich
County Executive

Jennifer Bryant
Director

MEMORANDUM

March 15, 2022

TO: Gabe Albornoz, President, County Council

FROM: Jennifer Bryant, Director, Office of Management and Budget
Michael J. Coveyou, Director, Department of Finance

SUBJECT: FY22 Second Quarterly Analysis

Attached please find the Second Quarterly Analysis for Montgomery County Government. As detailed in the attached report, there are significant expenditure variances for those departments that are responding to the COVID-19 pandemic; for other departments, expenditure variances are relatively small. As you are aware, the County continues to aggressively seek FEMA reimbursement for all eligible COVID-19 expenditures and has, to date, received \$36.2 million in FEMA reimbursement.

The County Executive's Recommended FY23 Operating Budget incorporates the results of this analysis. Significant expenditure variances are described below.

Second Quarter Expenditure Results

The Board of Election's projected overspending is due to new State Board of Elections requirements for the 2022 Gubernatorial Primary Election including unbudgeted costs for new Early Voting Centers, new pollbook printers, additional vote by mail requirements, redistricting notifications, and other related expenses.

The Department of General Services' projected overspending is due to purchases of personal protective equipment, cleaning supplies and services, and distribution of materials to respond to the COVID-19 pandemic.

The Department of Health and Human Services projected that overspending is due to the County's response to the COVID-19 pandemic which includes testing, contact tracing, vaccinations, costs related to shelters and housing individuals at hotels, costs related to providing

food security to vulnerable residents, and other costs related to the County's response to the public health crisis.

Public Information projected overspending is primarily due to projected overtime costs being greater than budgeted and unbudgeted multilingual pay.

The Sheriff's Office projected overspending is due to staff costs that are higher than the budgeted lapse rate and projected overtime being higher than the budget.

The Wheaton Urban District projected overspending is due to staff costs that are higher than the budgeted lapse rate.

The Climate Response NDA expenditures are assumed to exceed the budget of \$6.3 million by \$13.9 million, which includes a contingency of \$950k for potential clean-up for the rest of the fiscal year. This estimate will be reassessed and may be revised at the end of third quarter.

Second Quarter Revenue Update

The Revenue Estimating Group report from February 15, 2022, provided a review of tax revenue collections through the second quarter of FY22 that ended on December 31, 2021. Based on additional data from the State in early March, FY22 income tax projections have been revised upward compared to the December Fiscal Plan.

Reserves

The County's FY22 total ending reserves are estimated to be \$581.8 million, or 10.4 percent of adjusted governmental revenues. As noted in the December Fiscal Plan update, the initial estimate of reserves was preliminary and subject to change based on updated information. Additional details on the County's reserves will be included in the Executive's Recommended FY23 Operating Budget on March 15, 2022.

JB/MC:cm

Enclosure: Second Quarterly Analysis of Expenditures

cc: Marc Elrich, County Executive, Office of the County Executive
Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
All County Government Department Heads and Merit Directors

FY22 2nd QUARTERLY ANALYSIS

| Department | Orig Budget (A) | Latest Budget (B) | Est.(2nd QA) (C) | Variance to Bud. (B-C) | % Change to Bud (B-C)/B |
|------------|--------------------|----------------------|---------------------|------------------------------|-------------------------------|
|------------|--------------------|----------------------|---------------------|------------------------------|-------------------------------|

Tax Supported

General Fund

| | | | | | |
|--|----------------------|----------------------|----------------------|-------------------|---------------|
| Agriculture | 1,018,865 | 1,032,245 | 951,883 | 80,362 | 7.8% |
| Animal Services | 8,114,356 | 8,097,171 | 7,254,961 | 842,210 | 10.4% |
| Board of Appeals | 582,520 | 582,520 | 577,999 | 4,521 | 0.8% |
| Board of Elections | 8,300,356 | 8,311,405 | 13,097,500 | -4,786,095 | -57.6% |
| Circuit Court | 12,721,852 | 12,721,852 | 12,667,926 | 53,926 | 0.4% |
| Community Engagement Cluster | 6,048,203 | 6,399,211 | 5,926,063 | 473,148 | 7.4% |
| Consumer Protection | 2,453,337 | 2,459,571 | 2,293,929 | 165,642 | 6.7% |
| Correction and Rehabilitation | 72,336,701 | 72,418,155 | 72,001,696 | 416,459 | 0.6% |
| County Attorney | 6,429,488 | 7,167,664 | 6,729,612 | 438,052 | 6.1% |
| County Council | 13,246,526 | 13,312,523 | 13,312,523 | 0 | 0.0% |
| County Executive | 5,716,362 | 6,041,687 | 5,967,920 | 73,767 | 1.2% |
| Emergency Management and Homeland Security | 2,443,682 | 2,473,965 | 2,183,858 | 290,107 | 11.7% |
| Environmental Protection | 3,491,283 | 3,511,890 | 3,449,514 | 62,376 | 1.8% |
| Ethics Commission | 371,629 | 379,035 | 371,906 | 7,129 | 1.9% |
| Finance | 15,600,785 | 15,711,913 | 15,227,280 | 484,633 | 3.1% |
| General Services | 32,919,541 | 33,141,497 | 35,400,825 | -2,259,328 | -6.8% |
| Health and Human Services | 268,432,151 | 341,889,860 | 354,324,152 | -12,434,292 | -3.6% |
| Housing and Community Affairs | 8,879,029 | 8,901,356 | 8,809,259 | 92,097 | 1.0% |
| Human Resources | 8,203,407 | 8,243,621 | 7,938,396 | 305,225 | 3.7% |
| Human Rights | 1,772,307 | 1,784,474 | 1,425,773 | 358,701 | 20.1% |
| Inspector General | 2,152,817 | 2,164,755 | 1,949,920 | 214,835 | 9.9% |
| Intergovernmental Relations | 1,075,952 | 1,083,112 | 920,156 | 162,956 | 15.0% |
| Labor Relations | 1,605,890 | 1,611,968 | 1,561,456 | 50,512 | 3.1% |
| Legislative Oversight | 2,198,652 | 2,223,976 | 2,036,949 | 187,027 | 8.4% |
| Management and Budget | 6,418,437 | 6,461,499 | 5,733,860 | 727,639 | 11.3% |
| Merit System Protection Board | 267,921 | 267,921 | 270,620 | -2,699 | -1.0% |
| Non-Departmental Accounts | 320,243,656 | 382,617,880 | 383,006,982 | -389,102 | -0.1% |
| Police | 282,951,484 | 284,015,051 | 277,647,562 | 6,367,489 | 2.2% |
| Procurement | 4,933,283 | 4,952,695 | 4,120,010 | 832,685 | 16.8% |
| Public Information | 5,956,194 | 5,983,219 | 6,204,396 | -221,177 | -3.7% |
| Public Libraries | 42,452,607 | 42,554,622 | 40,901,950 | 1,652,672 | 3.9% |
| Racial Equity and Social Justice | 1,001,712 | 1,001,712 | 865,510 | 136,202 | 13.6% |
| Sheriff | 25,533,071 | 25,763,059 | 25,949,857 | -186,798 | -0.7% |
| State's Attorney | 19,008,981 | 19,008,981 | 18,870,837 | 138,144 | 0.7% |
| Technology and Enterprise Business Solutions | 44,142,174 | 44,284,858 | 43,297,177 | 987,681 | 2.2% |
| Transportation | 45,899,389 | 48,861,225 | 48,597,189 | 264,036 | 0.5% |
| Zoning and Administrative Hearings | 681,382 | 681,382 | 627,035 | 54,347 | 8.0% |
| General Fund Total: | 1,285,605,982 | 1,428,119,530 | 1,432,474,441 | -4,354,911 | -0.30% |

Special Funds

Fire

| | | | | | |
|-------------------------|-------------|-------------|-------------|-------|------|
| Fire and Rescue Service | 233,237,698 | 249,850,067 | 249,845,788 | 4,279 | 0.0% |
|-------------------------|-------------|-------------|-------------|-------|------|

Recreation

FY22 2nd QUARTERLY ANALYSIS

| Department | Orig Budget (A) | Latest Budget (B) | Est.(2nd QA) (C) | Variance to Bud. (B-C) | % Change to Bud (B-C)/B |
|--|----------------------|----------------------|----------------------|------------------------------|-------------------------------|
| Recreation | 45,034,754 | 45,819,077 | 45,550,526 | 268,551 | 0.6% |
| <u>Bethesda Urban District</u> | | | | | |
| Urban Districts | 3,276,193 | 3,276,193 | 3,206,110 | 70,083 | 2.1% |
| <u>Silver Spring Urban District</u> | | | | | |
| Urban Districts | 3,914,111 | 3,914,111 | 3,840,460 | 73,651 | 1.9% |
| <u>Wheaton Urban District</u> | | | | | |
| Urban Districts | 2,756,040 | 2,756,040 | 2,904,428 | -148,388 | -5.4% |
| <u>Mass Transit</u> | | | | | |
| Transit Services | 149,435,238 | 158,134,398 | 156,674,991 | 1,459,407 | 0.9% |
| <u>Economic Development Fund</u> | | | | | |
| Economic Development Fund | 4,490,677 | 12,357,181 | 4,739,534 | 7,617,647 | 61.6% |
| Special Funds Total: | 442,144,711 | 476,107,067 | 466,761,837 | 9,345,230 | 1.96% |
| <hr/> | | | | | |
| Tax Supported Total: | 1,727,750,693 | 1,904,226,597 | 1,899,236,278 | 4,990,319 | 0.3% |

FY22 2nd QUARTERLY ANALYSIS

| Department | Orig Budget (A) | Latest Budget (B) | Est.(2nd QA) (C) | Variance to Bud. (B-C) | % Change to Bud (B-C)/B |
|---|--------------------|----------------------|---------------------|------------------------------|-------------------------------|
| NDA: Tax Supported - County General Fund | | | | | |
| General Fund | | | | | |
| NDA - Arts and Humanities Council | 5,707,506 | 5,707,506 | 5,707,506 | 0 | 0.0% |
| NDA - Boards, Committees and Commissions | 47,750 | 47,750 | 47,750 | 0 | 0.0% |
| NDA - Charter Review Commission | 1,150 | 1,150 | 1,150 | 0 | 0.0% |
| NDA - Children's Opportunity Fund | 375,000 | 375,000 | 375,000 | 0 | 0.0% |
| NDA - Climate Change Planning | 650,200 | 650,200 | 650,200 | 0 | 0.0% |
| NDA - Climate Response | 2,884,990 | 0 | 13,940,000 | -13,940,000 | 0.0% |
| NDA - Community Grants | 9,705,874 | 9,705,874 | 9,705,874 | 0 | 0.0% |
| NDA - Compensation and Employee Benefit Adjustments | 3,167,600 | 1,878,966 | 1,141,154 | 737,812 | 39.3% |
| NDA - Conference and Visitors Bureau | 828,634 | 828,634 | 828,634 | 0 | 0.0% |
| NDA - Conference Center | 590,420 | 2,510,420 | 2,510,072 | 348 | 0.0% |
| NDA - Consolidated Retiree Health Benefit Trust - College | 5,608,000 | 5,608,000 | 5,608,000 | 0 | 0.0% |
| NDA - Consolidated Retiree Health Benefit Trust - MCPS | 73,048,269 | 73,048,269 | 73,048,269 | 0 | 0.0% |
| NDA - County Associations | 74,728 | 74,728 | 74,728 | 0 | 0.0% |
| NDA - COVID-19 Response: Community Assistance | 0 | 53,678,233 | 53,678,233 | 0 | 0.0% |
| NDA - Device Client Management | 12,225,751 | 12,225,751 | 12,225,751 | 0 | 0.0% |
| NDA - Early Care and Education | 10,992,589 | 10,992,589 | 1,815,935 | 9,176,654 | 83.5% |
| NDA - Grants To Municipalities in Lieu Of Shares Tax | 28,020 | 28,020 | 28,012 | 8 | 0.0% |
| NDA - Group Insurance Retirees | 50,618,652 | 50,618,652 | 50,618,652 | 0 | 0.0% |
| NDA - Guaranteed Income | 0 | 1,993,832 | 1,139,334 | 854,498 | 42.9% |
| NDA - Historical Activities | 150,000 | 150,000 | 150,000 | 0 | 0.0% |
| NDA - Homeowners' Association Road Maintenance Reimb. | 62,089 | 62,089 | 35,425 | 26,664 | 42.9% |
| NDA - Housing Opportunities Commission | 6,895,693 | 9,895,693 | 9,895,693 | 0 | 0.0% |
| NDA - Incubator Programs - Economic Development Partnership | 3,037,891 | 3,992,157 | 3,992,157 | 0 | 0.0% |
| NDA - Independent Audit | 426,782 | 428,299 | 428,299 | 0 | 0.0% |
| NDA - Interagency Technology, Policy, and Coordination Commission | 3,000 | 3,000 | 3,000 | 0 | 0.0% |
| NDA - KID Museum | 1,200,000 | 1,200,000 | 1,200,000 | 0 | 0.0% |
| NDA - Labor Management Relations Committee | 100,000 | 100,000 | 100,000 | 0 | 0.0% |
| NDA - Leases | 18,855,474 | 18,855,474 | 18,855,474 | 0 | 0.0% |
| NDA - Legislative Branch Communications Outreach | 1,435,295 | 1,435,295 | 1,435,295 | 0 | 0.0% |
| NDA - Metro Washington Council of Governments | 1,684,519 | 1,684,519 | 1,684,519 | 0 | 0.0% |
| NDA - Montgomery Coalition for Adult English Literacy | 1,957,058 | 1,957,058 | 1,957,058 | 0 | 0.0% |
| NDA - Montgomery County Economic Development Corporation | 5,007,750 | 5,007,750 | 5,007,750 | 0 | 0.0% |
| NDA - Motor Pool Fund Contribution | 87,032 | 87,032 | 0 | 87,032 | 100.0% |
| NDA - Payments to Municipalities | 9,122,411 | 14,122,411 | 14,088,944 | 33,467 | 0.2% |
| NDA - Prisoner Medical Services | 20,000 | 20,000 | 0 | 20,000 | 100.0% |
| NDA - Public Elections Fund | 3,000,000 | 3,000,000 | 3,000,000 | 0 | 0.0% |
| NDA - Public Technology, Inc. | 5,000 | 5,000 | 5,000 | 0 | 0.0% |
| NDA - Retiree Health Benefits Trust | 10,829,980 | 10,829,980 | 10,829,980 | 0 | 0.0% |
| NDA - Risk Management (General Fund) | 23,260,695 | 23,260,695 | 23,260,695 | 0 | 0.0% |
| NDA - Rockville Parking District | 418,000 | 418,000 | 416,449 | 1,551 | 0.4% |
| NDA - Skills for the Future | 256,000 | 256,000 | 224,190 | 31,810 | 12.4% |
| NDA - State Positions Supplement | 60,756 | 60,756 | 0 | 60,756 | 100.0% |
| NDA - State Property Tax Services | 3,565,615 | 3,565,615 | 3,431,062 | 134,553 | 3.8% |

FY22 2nd QUARTERLY ANALYSIS

| Department | Orig Budget (A) | Latest Budget (B) | Est.(2nd QA) (C) | Variance to Bud. (B-C) | % Change to Bud (B-C)/B |
|--|--------------------|----------------------|---------------------|------------------------------|-------------------------------|
| NDA - State Retirement Contribution | 3,754 | 3,754 | 3,754 | 0 | 0.0% |
| NDA - Takoma Park Library Annual Payments | 176,742 | 176,742 | 176,742 | 0 | 0.0% |
| NDA - Takoma Park Police Rebate | 1,263,255 | 1,263,255 | 1,263,255 | 0 | 0.0% |
| NDA - Telecommunications | 5,356,382 | 5,356,382 | 5,356,382 | 0 | 0.0% |
| NDA - Vision Zero | 180,171 | 180,171 | 182,268 | -2,097 | -1.2% |
| NDA - Working Families Income Supplement | 20,105,090 | 20,105,090 | 17,717,248 | 2,387,842 | 11.9% |
| NDA - WorkSource Montgomery, Inc. | 1,445,594 | 1,445,594 | 1,445,594 | 0 | 0.0% |
| Utilities | 23,716,495 | 23,716,495 | 23,716,495 | 0 | 0.0% |
| NDA: Tax Supported - County General Fund Total: | 320,243,656 | 382,617,880 | 383,006,982 | -389,102 | -0.1% |

FY22 2nd QUARTERLY ANALYSIS

| Department | Orig Budget (A) | Latest Budget (B) | Est.(2nd QA) (C) | Variance to Bud. (B-C) | % Change to Bud (B-C)/B |
|---|--------------------|----------------------|---------------------|------------------------------|-------------------------------|
| Non-Tax Supported | | | | | |
| <u>Special Funds</u> | | | | | |
| <u>Montgomery Housing Initiative</u> | | | | | |
| Housing and Community Affairs | 43,122,517 | 88,445,069 | 46,217,336 | 42,227,733 | 47.7% |
| <u>Cable TV</u> | | | | | |
| Cable Television Communications Plan | 16,669,611 | 16,669,611 | 16,566,382 | 103,229 | 0.6% |
| <u>Water Quality Protection</u> | | | | | |
| Environmental Protection | 29,480,691 | 29,513,586 | 29,371,862 | 141,724 | 0.5% |
| <u>Recreation Non-Tax Supported</u> | | | | | |
| Recreation | 3,600,000 | 3,600,000 | 3,566,694 | 33,306 | 0.9% |
| <u>Detention Center Non-Tax</u> | | | | | |
| Correction and Rehabilitation | 543,000 | 543,000 | 319,000 | 224,000 | 41.3% |
| Special Funds Total: | 93,415,819 | 138,771,266 | 96,041,274 | 42,729,992 | 30.79% |
| <hr/> | | | | | |
| <u>Enterprise Funds</u> | | | | | |
| <u>Liquor</u> | | | | | |
| Alcohol Beverage Services | 66,348,075 | 66,348,075 | 63,402,224 | 2,945,851 | 4.4% |
| <u>Solid Waste Disposal</u> | | | | | |
| Recycling and Resource Management | 124,642,817 | 124,678,561 | 122,972,817 | 1,705,744 | 1.4% |
| <u>Solid Waste Collection</u> | | | | | |
| Recycling and Resource Management | 10,626,706 | 10,629,447 | 10,256,706 | 372,741 | 3.5% |
| <u>Leaf Vacuuming</u> | | | | | |
| Transportation | 6,690,951 | 6,690,951 | 6,652,005 | 38,946 | 0.6% |
| <u>Community Use of Public Facilities</u> | | | | | |
| Community Use of Public Facilities | 8,502,633 | 8,526,490 | 7,166,549 | 1,359,941 | 15.9% |
| <u>Bethesda Parking</u> | | | | | |
| Parking District Services | 13,149,598 | 13,164,775 | 12,346,712 | 818,063 | 6.2% |
| <u>Silver Spring Parking</u> | | | | | |
| Parking District Services | 9,942,821 | 9,957,592 | 9,942,821 | 14,771 | 0.1% |
| <u>Wheaton Parking</u> | | | | | |
| Parking District Services | 1,486,916 | 1,490,247 | 1,486,917 | 3,330 | 0.2% |
| <u>Permitting Services</u> | | | | | |
| Permitting Services | 38,901,977 | 39,009,101 | 36,578,478 | 2,430,623 | 6.2% |
| Enterprise Funds Total: | 280,292,494 | 280,495,239 | 270,805,229 | 9,690,010 | 3.45% |
| <hr/> | | | | | |
| <u>Internal Service Funds</u> | | | | | |
| <u>Motor Pool</u> | | | | | |
| Fleet Management Services | 84,212,830 | 84,212,830 | 82,893,442 | 1,319,388 | 1.6% |
| <u>Central Duplicating (Printing & Mail)</u> | | | | | |
| General Services | 8,326,894 | 8,326,894 | 8,276,894 | 50,000 | 0.6% |
| <u>Risk Management (Self Insurance - ISF)</u> | | | | | |
| Finance | 85,343,626 | 85,343,626 | 85,125,881 | 217,745 | 0.3% |
| <u>Employee Health Self Insurance</u> | | | | | |
| Human Resources | 308,896,432 | 308,896,432 | 295,862,306 | 13,034,126 | 4.2% |

FY22 2nd QUARTERLY ANALYSIS

| Department | Orig Budget (A) | Latest Budget (B) | Est.(2nd QA) (C) | Variance to Bud. (B-C) | % Change to Bud (B-C)/B |
|--------------------------------------|--------------------|----------------------|---------------------|------------------------------|-------------------------------|
| Internal Service Funds Total: | 486,779,782 | 486,779,782 | 472,158,523 | 14,621,259 | 3.00% |
| <hr/> | | | | | |
| Non-Tax Supported Total: | 860,488,095 | 906,046,287 | 839,005,026 | 67,041,261 | 7.4% |