

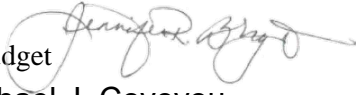


ROCKVILLE, MARYLAND 20850

## MEMORANDUM

May 11, 2022

TO: Gabe Albornoz, President, County Council

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

SUBJECT: FY22 Third Quarterly Analysis

Attached please find the Third Quarterly Analysis for Montgomery County Government. Approved or pending Supplemental Appropriation, including the Supplemental Appropriation for snow removal and storm clean-up, are assumed in this analysis. Significant expenditure variances are described below.

### Third 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 Circuit Court projected overspending is due to unbudgeted costs for the Maryland Electronic Courts upgrades.

The Department of General Services' projected overspending is driven by COVID-19 expenses including the purchase of personal protective equipment, cleaning supplies and services, distribution of materials to respond to the COVID-19 pandemic, and overtime costs exceeding budget.

The Department of Health and Human Services projected overspending is due to the County's response to the COVID-19 pandemic including 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 Utilities NDA projected overspending is due to higher than budgeted electricity expenses due to reopening of facilities and the rise in electricity costs.

### **Revenue Update**

A revenue update will be included in the Revenue Estimating Group Report that will be submitted to the County Executive and County Council on May 16.

### **Reserves**

The County's FY22 total ending reserves are estimated to be \$605.4 million or 10.8 percent of adjusted governmental revenues (AGR). This is approximately \$24 million more than reported at second quarter. General Fund estimated expenditures are approximately \$14 million less compared to second quarter analysis. Spending in the COVID-19 Response NDA is estimated to be significantly less than second quarter analysis due to a true up in the FY21 re-appropriation amount that occurred between second and third quarter analysis. Also, due to the change in the primary election date, the Board of Elections expenditure variance is significantly less now than at the second quarter analysis.

On the revenue side, General Fund FY22 estimated tax revenues are projected to be \$10 million higher than the CE Recommended Budget. The CE Recommended Budget included an assumption that the County would receive \$58 million in additional income tax revenue related to pass-through entities. The actual correcting distribution on March 25 was \$68 million, an increase of \$10 million over the initial assumption.

As we have in the past, by working together, the Executive Branch and the County Council will continue Montgomery County's tradition of strong financial management into the future.

JB/MC:cm

Attachments: Third Quarterly Analysis of Expenditures

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

# FY22 3rd QUARTERLY ANALYSIS

Department	Orig Budget (A)	Latest Budget (B)	Est. (3rd QA) (C)	Variance to Bud. (B-C)	% Change to Bud (B-C)/B
<b>Tax Supported</b>					
<b>General Fund</b>					
Agriculture	1,018,865	1,032,245	1,032,194	51	0.0%
Animal Services	8,114,356	8,097,171	7,671,790	425,381	5.3%
Board of Appeals	582,520	582,520	573,733	8,787	1.5%
Board of Elections	8,300,356	8,311,405	8,980,690	-669,285	-8.1%
Circuit Court	12,721,852	12,721,852	12,739,073	-17,221	-0.1%
Community Engagement Cluster	6,048,203	6,399,211	5,868,640	530,571	8.3%
Consumer Protection	2,453,337	2,459,571	2,215,910	243,661	9.9%
Correction and Rehabilitation	72,336,701	72,418,155	72,008,436	409,719	0.6%
County Attorney	6,429,488	7,167,664	7,158,043	9,621	0.1%
County Council	13,246,526	13,312,523	13,312,523	0	0.0%
County Executive	5,716,362	6,041,687	5,907,354	134,333	2.2%
Emergency Management and Homeland Security	2,443,682	2,473,965	2,374,976	98,989	4.0%
Environmental Protection	3,491,283	3,511,890	3,511,890	0	0.0%
Ethics Commission	371,629	379,035	376,428	2,607	0.7%
Finance	15,600,785	15,873,823	15,414,175	459,648	2.9%
General Services	32,919,541	36,299,648	38,424,445	-2,124,797	-5.9%
Health and Human Services	268,432,151	352,142,400	362,953,911	-10,811,511	-3.1%
Housing and Community Affairs	8,879,029	8,901,356	8,873,113	28,243	0.3%
Human Resources	8,203,407	8,243,621	7,914,676	328,945	4.0%
Human Rights	1,772,307	1,784,474	1,323,178	461,296	25.9%
Inspector General	2,152,817	2,164,755	1,887,351	277,404	12.8%
Intergovernmental Relations	1,075,952	1,083,112	916,406	166,706	15.4%
Labor Relations	1,605,890	1,611,968	1,483,224	128,744	8.0%
Legislative Oversight	2,198,652	2,223,976	2,034,310	189,666	8.5%
Management and Budget	6,418,437	6,461,499	5,719,405	742,094	11.5%
Merit System Protection Board	267,921	267,921	271,079	-3,158	-1.2%
Non-Departmental Accounts	320,243,656	353,739,096	344,127,504	9,611,592	2.7%
Police	282,951,484	284,015,051	281,784,802	2,230,249	0.8%
Procurement	4,933,283	4,952,695	4,095,394	857,301	17.3%
Public Information	5,956,194	5,983,219	6,248,489	-265,270	-4.4%
Public Libraries	42,452,607	42,554,622	39,304,756	3,249,866	7.6%
Racial Equity and Social Justice	1,001,712	1,001,712	882,348	119,364	11.9%
Sheriff	25,533,071	25,763,059	25,963,323	-200,264	-0.8%
State's Attorney	19,008,981	19,008,981	19,016,763	-7,782	0.0%
Technology and Enterprise Business Solutions	44,142,174	44,284,858	43,620,465	664,393	1.5%
Transportation	45,899,389	61,527,447	61,251,164	276,283	0.4%
Zoning and Administrative Hearings	681,382	681,382	615,367	66,015	9.7%
<b>General Fund Total:</b>	<b>1,285,605,982</b>	<b>1,425,479,569</b>	<b>1,417,857,328</b>	<b>7,622,241</b>	<b>0.53%</b>

## Special Funds

### Fire

Fire and Rescue Service	233,237,698	249,745,535	249,662,966	82,569	0.0%
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### Recreation

## FY22 3rd QUARTERLY ANALYSIS

Department	Orig Budget (A)	Latest Budget (B)	Est.(3rd QA) (C)	Variance to Bud. (B-C)	% Change to Bud (B-C)/B
Recreation	45,034,754	46,031,577	41,355,890	4,675,687	10.2%
<b><u>Bethesda Urban District</u></b>					
Urban Districts	3,276,193	3,276,193	3,230,545	45,648	1.4%
<b><u>Silver Spring Urban District</u></b>					
Urban Districts	3,914,111	3,914,111	3,840,621	73,490	1.9%
<b><u>Wheaton Urban District</u></b>					
Urban Districts	2,756,040	2,756,040	2,904,428	-148,388	-5.4%
<b><u>Mass Transit</u></b>					
Transit Services	149,435,238	158,134,398	156,460,390	1,674,008	1.1%
<b><u>Economic Development Fund</u></b>					
Economic Development Fund	4,490,677	12,357,181	5,212,343	7,144,838	57.8%
<b>Special Funds Total:</b>	<b>442,144,711</b>	<b>476,215,035</b>	<b>462,667,183</b>	<b>13,547,852</b>	<b>2.84%</b>
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<b>Tax Supported Total:</b>	<b>1,727,750,693</b>	<b>1,901,694,604</b>	<b>1,880,524,511</b>	<b>21,170,093</b>	<b>1.1%</b>

# FY22 3rd QUARTERLY ANALYSIS

Department	Orig Budget (A)	Latest Budget (B)	Est. (3rd QA) (C)	Variance to Bud. (B-C)	% Change to Bud (B-C)/B
<b>NDA: Tax Supported - County General Fund</b>					
<b>General Fund</b>					
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	480,600	169,600	26.1%
NDA - Climate Response	2,884,990	0	0	0	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	1,880,365	1,134,344	746,021	39.7%
NDA - Conference and Visitors Bureau	828,634	828,634	828,634	0	0.0%
NDA - Conference Center	590,420	2,510,420	2,413,203	97,217	3.9%
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	23,728,050	23,728,050	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	3,192,983	7,799,606	71.0%
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	1,993,832	0	0.0%
NDA - Historical Activities	150,000	150,000	150,000	0	0.0%
NDA - Homeowners' Association Road Maintenance Reimb.	62,089	62,089	62,089	0	0.0%
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	5,012,157	5,012,157	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	87,032	0	0.0%
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	416,269	1,731	0.4%
NDA - Skills for the Future	256,000	306,000	274,190	31,810	10.4%
NDA - State Positions Supplement	60,756	60,756	0	60,756	100.0%
NDA - State Property Tax Services	3,565,615	3,565,615	3,400,997	164,618	4.6%

## FY22 3rd QUARTERLY ANALYSIS

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NDA - State Retirement Contribution	3,754	3,754	3,754	0	0.0%
NDA - Takoma Park Library Annual Payments	176,742	176,742	175,907	835	0.5%
NDA - Takoma Park Police Rebate	1,263,255	1,263,255	1,223,562	39,693	3.1%
NDA - Telecommunications	5,356,382	5,356,382	5,356,382	0	0.0%
NDA - Vision Zero	180,171	180,171	179,512	659	0.4%
NDA - Working Families Income Supplement	20,105,090	20,105,090	17,767,247	2,337,843	11.6%
NDA - WorkSource Montgomery, Inc.	1,445,594	1,445,594	1,445,594	0	0.0%
Utilities	23,716,495	23,716,495	25,608,767	-1,892,272	-8.0%
<b>NDA: Tax Supported - County General Fund Total:</b>	<b>320,243,656</b>	<b>353,739,096</b>	<b>344,127,504</b>	<b>9,611,592</b>	<b>2.7%</b>

# FY22 3rd QUARTERLY ANALYSIS

Department	Orig Budget (A)	Latest Budget (B)	Est. (3rd QA) (C)	Variance to Bud. (B-C)	% Change to Bud (B-C)/B
<b>Non-Tax Supported</b>					
<b><u>Special Funds</u></b>					
<b><u>Montgomery Housing Initiative</u></b>					
Housing and Community Affairs	43,122,517	88,445,069	46,217,336	42,227,733	47.7%
<b><u>Cable TV</u></b>					
Cable Television Communications Plan	16,669,611	16,701,650	16,566,382	135,268	0.8%
<b><u>Water Quality Protection</u></b>					
Environmental Protection	29,480,691	29,513,586	29,034,586	479,000	1.6%
<b><u>Recreation Non-Tax Supported</u></b>					
Recreation	3,600,000	3,600,000	2,770,482	829,518	23.0%
<b><u>Detention Center Non-Tax</u></b>					
Correction and Rehabilitation	543,000	543,000	261,000	282,000	51.9%
<b>Special Funds Total:</b>	<b>93,415,819</b>	<b>138,803,305</b>	<b>94,849,786</b>	<b>43,953,519</b>	<b>31.67%</b>
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<b><u>Enterprise Funds</u></b>					
<b><u>Liquor</u></b>					
Alcohol Beverage Services	66,348,075	66,348,075	63,779,397	2,568,678	3.9%
<b><u>Solid Waste Disposal</u></b>					
Recycling and Resource Management	124,642,817	124,678,561	122,972,817	1,705,744	1.4%
<b><u>Solid Waste Collection</u></b>					
Recycling and Resource Management	10,626,706	10,629,447	10,256,706	372,741	3.5%
<b><u>Leaf Vacuuming</u></b>					
Transportation	6,690,951	6,690,951	6,402,639	288,312	4.3%
<b><u>Community Use of Public Facilities</u></b>					
Community Use of Public Facilities	8,502,633	8,526,490	7,965,180	561,310	6.6%
<b><u>Bethesda Parking</u></b>					
Parking District Services	13,149,598	13,164,775	12,359,700	805,075	6.1%
<b><u>Silver Spring Parking</u></b>					
Parking District Services	9,942,821	9,957,592	9,862,414	95,178	1.0%
<b><u>Wheaton Parking</u></b>					
Parking District Services	1,486,916	1,490,247	1,434,675	55,572	3.7%
<b><u>Permitting Services</u></b>					
Permitting Services	38,901,977	39,009,101	35,660,497	3,348,604	8.6%
<b>Enterprise Funds Total:</b>	<b>280,292,494</b>	<b>280,495,239</b>	<b>270,694,025</b>	<b>9,801,214</b>	<b>3.49%</b>
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<b><u>Internal Service Funds</u></b>					
<b><u>Motor Pool</u></b>					
Fleet Management Services	84,212,830	84,212,830	84,537,584	-324,754	-0.4%
<b><u>Central Duplicating (Printing &amp; Mail)</u></b>					
General Services	8,326,894	8,326,894	8,326,894	0	0.0%
<b><u>Risk Management (Self Insurance - ISF)</u></b>					
Finance	85,343,626	85,343,626	85,132,161	211,465	0.2%
<b><u>Employee Health Self Insurance</u></b>					
Human Resources	308,896,432	308,896,432	294,072,924	14,823,508	4.8%

## FY22 3rd QUARTERLY ANALYSIS

Department	Orig Budget (A)	Latest Budget (B)	Est. (3rd QA) (C)	Variance to Bud. (B-C)	% Change to Bud (B-C)/B
<b>Internal Service Funds Total:</b>	486,779,782	486,779,782	472,069,563	14,710,219	3.02%
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<b>Non-Tax Supported Total:</b>	860,488,095	906,078,326	837,613,374	68,464,952	7.6%