



OFFICE OF MANAGEMENT AND BUDGET

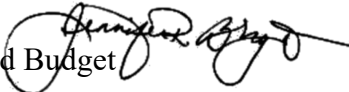
Marc Elrich
County Executive


Jennifer Bryant
Director

MEMORANDUM

March 15, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Jennifer Bryant, Director
Office of Management and Budget 

Michael J. Coveyou, Director 
Department of Finance

SUBJECT: FY23 Second Quarter Analysis

Attached please find the Second Quarterly Analysis for Montgomery County Government. As detailed in the attached report, expenditure variances are relatively small across most departments, and the County Executive's recommended FY24 Operating Budget incorporates the results of this analysis. We will continue to monitor department spending and may revise this estimate to reflect more up-to-date information in the third quarterly analysis. Significant expenditure variances are described below.

Second Quarter Expenditure Results

The Board of Election's projected overspending is due to the 2022 Gubernatorial Primary Election and General Election occurring in the same fiscal year, a Countywide recount, additional vote by mail requirements, redistricting notifications, and other related expenses.

The Department of Corrections and Rehabilitation's overspending is due to the reopening of the Pre-Release Center and replacement of a failed intercom system at the Montgomery County Correctional Facility.

The County Attorney's Office projected overspending is due to staff costs that are higher than the budgeted lapse rate.

The Office of Emergency Management's overspending is due to increased expenses for contractors assisting with County's COVID-19 related FEMA submissions.

Office of the Director

The Department of General Services' projected overspending is due to unbudgeted overtime for after-hours and weekend emergencies at County facilities and COVID-19 related expenses.

The Department of Health and Human Services' projected overspending is due to the County's response to the COVID-19 pandemic including minority health program costs, vaccinations, testing, outbreak nurses and nurses for OMS, and motel expenses for sheltering individuals and families.

The Office of Human Resources' overspending is due to increased expenses for an occupational health provider contract.

The Fire and Rescue Service's projected overspending is due to unbudgeted overtime costs and contract costs for insurance premiums and one-time AED replacement costs.

The Department of Transit Services' projected overspending is due to personnel costs for bus operator/transit coordinator retroactive payments and motor pool costs being greater than budgeted.

The Leases NDA's projected overspending is due to higher prices for maintaining, repairing, and managing the common area of leased space.

The Metro Washington Council of Governments NDA's projected overspending is due to an increase in membership dues and an additional program.

The Utilities NDA's projected overspending is due to electricity expenses, natural gas increases due to reopening of facilities, and renewable energy credits cost due to economic disruptions.

The Working Families Income Supplement NDA's projected overspending is due to an increase in the number of eligible filers.

The Department of Fleet Management Services' projected overspending is due to increased fuel cost escalations and anticipated contract increases.

Second Quarter Revenue Update

The Revenue Estimating Group report from February 15 provided a review of tax revenue collections through the second quarter of FY23 that ended on December 31, 2022. Additional information on FY23 revenues will be included in the Executive's recommended budget on March 15.

Reserves

The County's FY23 total ending reserves are estimated to be \$842.0 million, or 14.0 percent of adjusted governmental revenues. As noted in the December Fiscal Plan Update, the initial

FY23 Second Quarter Analysis

March 15, 2023

Page 3 of 3

estimate of reserves was preliminary and subject to change based on updated information. This reserve estimate includes the additional spending in FY23 contained in this analysis. Additional details on the County's reserves will be included in the Executive's recommended budget on March 15.

JB/MC:cm

Enclosed: 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

FY23 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	1,066,776	1,076,674	1,046,499	30,175	2.8%
Animal Services	8,714,197	8,724,203	8,091,369	632,834	7.3%
Board of Appeals	604,809	610,755	590,059	20,696	3.4%
Board of Elections	10,630,327	10,635,528	15,760,069	-5,124,541	-48.2%
Circuit Court	13,683,237	13,683,237	12,967,469	715,768	5.2%
Community Engagement Cluster	7,483,049	7,489,861	6,815,923	673,938	9.0%
Consumer Protection	2,477,443	2,483,469	2,320,715	162,754	6.6%
Correction and Rehabilitation	72,828,735	72,879,011	73,439,584	-560,573	-0.8%
County Attorney	6,761,851	6,805,664	6,868,445	-62,781	-0.9%
County Council	15,672,251	15,721,872	15,721,872	0	0.0%
County Executive	7,683,678	7,703,272	5,409,075	2,294,197	29.8%
Emergency Management and Homeland Security	2,729,834	2,746,421	3,041,174	-294,753	-10.7%
Environmental Protection	7,569,048	7,587,395	6,607,395	980,000	12.9%
Ethics Commission	375,756	382,599	380,275	2,324	0.6%
Finance	16,103,577	16,200,205	15,786,635	413,570	2.6%
General Services	33,549,269	33,693,029	34,891,893	-1,198,864	-3.6%
Grants Management	341,309	341,309	290,277	51,032	15.0%
Health and Human Services	332,107,450	353,187,810	366,282,454	-13,094,644	-3.7%
Housing and Community Affairs	9,504,566	9,513,719	9,217,260	296,459	3.1%
Human Resources	9,423,468	9,448,300	9,720,320	-272,020	-2.9%
Human Rights	1,635,906	1,646,114	1,486,222	159,892	9.7%
Inspector General	2,512,400	2,526,972	2,436,928	90,044	3.6%
Intergovernmental Relations	1,075,687	1,082,397	873,470	208,927	19.3%
Labor Relations	1,625,831	1,631,544	1,477,444	154,100	9.4%
Legislative Oversight	2,215,034	2,244,894	2,208,108	36,786	1.6%
Management and Budget	6,880,700	6,919,312	6,234,899	684,413	9.9%
Merit System Protection Board	672,552	677,699	274,725	402,974	59.5%
Non-Departmental Accounts	329,973,463	355,922,202	353,684,941	2,237,261	0.6%
Police	296,501,578	297,678,577	294,146,721	3,531,856	1.2%
Procurement	5,004,508	5,010,715	4,618,800	391,915	7.8%
Public Information	6,735,699	6,756,094	6,386,777	369,317	5.5%
Public Libraries	45,621,441	45,686,345	43,944,146	1,742,199	3.8%
Racial Equity and Social Justice	1,276,440	1,276,440	1,080,886	195,554	15.3%
Sheriff	26,006,675	26,011,293	24,270,996	1,740,297	6.7%
State's Attorney	20,801,276	20,801,276	20,619,185	182,091	0.9%
Technology and Enterprise Business Solutions	50,992,147	51,107,309	49,951,151	1,156,158	2.3%
Transportation	49,231,141	52,258,792	50,371,992	1,886,800	3.6%
Zoning and Administrative Hearings	705,001	705,001	646,404	58,597	8.3%
General Fund Total:	1,408,778,109	1,460,857,309	1,459,962,557	894,752	0.06%

Special Funds

Fire

Fire and Rescue Service	252,665,621	257,386,074	267,835,709	-10,449,635	-4.1%
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FY23 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
<u>Recreation</u>					
Recreation	51,443,711	51,495,125	48,963,945	2,531,180	4.9%
<u>Bethesda Urban District</u>					
Urban Districts	3,416,615	3,416,615	3,415,672	943	0.0%
<u>Silver Spring Urban District</u>					
Urban Districts	3,915,565	3,915,565	3,915,565	0	0.0%
<u>Wheaton Urban District</u>					
Urban Districts	3,062,432	3,062,432	3,044,844	17,588	0.6%
<u>Mass Transit</u>					
Transit Services	167,835,477	167,870,381	182,280,308	-14,409,927	-8.6%
<u>Economic Development Fund</u>					
Economic Development Fund	3,996,325	4,839,932	4,227,716	612,216	12.6%
Special Funds Total:	486,335,746	491,986,124	513,683,759	-21,697,635	-4.41%
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Tax Supported Total:	1,895,113,855	1,952,843,433	1,973,646,316	-20,802,883	-1.1%

FY23 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	6,339,106	6,339,106	6,339,106	0	0.0%
NDA - Boards, Committees and Commissions	47,750	47,750	47,750	0	0.0%
NDA - Charter Review Commission	150	150	150	0	0.0%
NDA - Children's Opportunity Fund	425,000	425,000	425,000	0	0.0%
NDA - Climate Change Planning	691,677	691,677	758,605	-66,928	-9.7%
NDA - Climate Response	2,884,990	0	0	0	0.0%
NDA - Community Grants	10,998,473	10,998,473	10,998,473	0	0.0%
NDA - Compensation and Employee Benefit Adjustments	8,863,865	7,919,003	7,379,625	539,378	6.8%
NDA - Conference and Visitors Bureau	2,132,834	2,132,834	2,132,834	0	0.0%
NDA - Conference Center	525,895	525,895	525,717	178	0.0%
NDA - Consolidated Retiree Health Benefit Trust - College	1,704,000	1,704,000	1,704,000	0	0.0%
NDA - Consolidated Retiree Health Benefit Trust - MCPS	57,424,677	57,424,677	57,424,677	0	0.0%
NDA - County Associations	74,728	74,728	74,728	0	0.0%
NDA - COVID 19: Hospital Response	0	0	0	0	0.0%
NDA - COVID-19 Response: Community Assistance	0	2,156,410	-3,221,049	5,377,459	249.4%
NDA - Device Client Management	12,999,985	12,999,985	12,999,985	0	0.0%
NDA - Early Care and Education	10,992,589	21,944,212	10,992,589	10,951,623	49.9%
NDA - Grants To Municipalities in Lieu Of Shares Tax	28,020	28,020	28,012	8	0.0%
NDA - Group Insurance Retirees	48,928,437	48,928,437	48,928,437	0	0.0%
NDA - Guaranteed Income	2,563,502	4,046,305	4,046,305	0	0.0%
NDA - Historical Activities	162,000	162,000	162,000	0	0.0%
NDA - Homeowners' Association Road Maintenance Reimb.	62,089	62,089	62,089	0	0.0%
NDA - Housing Opportunities Commission	7,633,168	7,633,168	7,633,168	0	0.0%
NDA - Inauguration and Transition	50,000	50,000	50,000	0	0.0%
NDA - Incubator Programs	4,288,971	4,288,971	4,038,498	250,473	5.8%
NDA - Independent Audit	427,882	429,897	429,897	0	0.0%
NDA - Interagency Technology, Policy, and Coordination Commission	3,000	3,000	3,000	0	0.0%
NDA - KID Museum	1,596,000	1,596,000	1,596,000	0	0.0%
NDA - Labor Management Relations Committee	100,000	198,115	100,000	98,115	49.5%
NDA - Leases	15,671,334	15,671,334	18,130,843	-2,459,509	-15.7%
NDA - Legislative Branch Communications Outreach	2,142,152	2,142,152	2,142,152	0	0.0%
NDA - Metro Washington Council of Governments	1,684,519	1,684,519	1,873,054	-188,535	-11.2%
NDA - Montgomery Coalition for Adult English Literacy	2,113,623	2,113,623	2,113,623	0	0.0%
NDA - Montgomery County Economic Development Corporation	6,200,000	6,200,000	6,200,000	0	0.0%
NDA - Montgomery County Green Bank	18,647,957	18,647,957	18,647,957	0	0.0%
NDA - Motor Pool Fund Contribution	66,490	66,490	0	66,490	100.0%
NDA - Payments to Municipalities	17,269,690	17,269,690	17,387,946	-118,256	-0.7%
NDA - Police Accountability Board	436,541	436,541	279,938	156,603	35.9%
NDA - Prisoner Medical Services	20,000	20,000	0	20,000	100.0%
NDA - Public Elections Fund	2,500,000	2,500,000	2,500,000	0	0.0%
NDA - Public Technology, Inc.	5,000	5,000	5,000	0	0.0%
NDA - Risk Management (General Fund)	25,737,987	25,737,987	25,737,987	0	0.0%
NDA - Rockville Parking District	419,900	419,900	418,547	1,353	0.3%

FY23 2nd QUARTERLY ANALYSIS

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NDA - Skills for the Future	276,480	364,105	222,726	141,379	38.8%
NDA - State Positions Supplement	60,756	60,756	0	60,756	100.0%
NDA - State Property Tax Services	3,565,615	3,565,615	3,565,615	0	0.0%
NDA - State Retirement Contribution	3,754	3,754	0	3,754	100.0%
NDA - Takoma Park Library Annual Payments	167,911	167,911	167,911	0	0.0%
NDA - Telecommunications	5,356,382	5,356,382	5,356,382	0	0.0%
NDA - UM 3 - Institute for Health Computing	0	15,000,000	15,000,000	0	0.0%
NDA - Universities at Shady Grove	475,000	475,000	300,000	175,000	36.8%
NDA - Vision Zero	189,563	189,563	189,109	454	0.2%
NDA - Working Families Income Supplement	20,105,090	20,105,090	24,838,749	-4,733,659	-23.5%
NDA - WorkSource Montgomery, Inc.	2,172,594	2,172,594	1,924,797	247,797	11.4%
Utilities	22,736,337	22,736,337	31,023,009	-8,286,672	-36.4%
NDA: Tax Supported - County General Fund Total:	329,973,463	355,922,202	353,684,941	2,237,261	0.6%

FY23 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	49,090,423	122,780,440	47,057,171	75,723,269	61.7%
<u>Cable TV</u>					
Cable Television Communications Plan	15,227,435	15,252,213	13,864,312	1,387,901	9.1%
<u>Water Quality Protection</u>					
Environmental Protection	30,990,500	31,016,901	30,422,504	594,397	1.9%
<u>Recreation Non-Tax Supported</u>					
Recreation	3,600,000	3,600,000	3,600,000	0	0.0%
<u>Detention Center Non-Tax</u>					
Correction and Rehabilitation	543,000	543,000	359,343	183,657	33.8%
Special Funds Total:	99,451,358	173,192,554	95,303,330	77,889,224	44.97%
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<u>Enterprise Funds</u>					
<u>Liquor</u>					
Alcohol Beverage Services	68,265,868	68,265,868	68,213,087	52,781	0.1%
<u>Solid Waste Disposal</u>					
Recycling and Resource Management	131,373,112	131,403,472	130,073,472	1,330,000	1.0%
<u>Solid Waste Collection</u>					
Recycling and Resource Management	11,264,783	11,267,535	11,097,535	170,000	1.5%
<u>Leaf Vacuuming</u>					
Transportation	6,915,587	6,915,587	6,456,579	459,008	6.6%
<u>Community Use of Public Facilities</u>					
Community Use of Public Facilities	10,923,236	10,939,722	7,567,397	3,372,325	30.8%
<u>Bethesda Parking</u>					
Parking District Services	13,905,698	13,917,071	13,830,619	86,452	0.6%
<u>Silver Spring Parking</u>					
Parking District Services	10,491,887	10,502,708	10,450,035	52,673	0.5%
<u>Wheaton Parking</u>					
Parking District Services	1,593,969	1,596,324	1,581,250	15,074	0.9%
<u>Permitting Services</u>					
Permitting Services	41,067,049	41,177,246	39,992,208	1,185,038	2.9%
Enterprise Funds Total:	295,801,189	295,985,533	289,262,182	6,723,351	2.27%
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<u>Internal Service Funds</u>					
<u>Motor Pool</u>					
Fleet Management Services	89,073,182	89,073,182	92,780,745	-3,707,563	-4.2%
<u>Central Duplicating (Printing & Mail)</u>					
General Services	8,369,856	8,369,856	8,369,856	0	0.0%
<u>Risk Management (Self Insurance - ISF)</u>					
Finance	87,433,939	87,433,939	87,171,045	262,894	0.3%
<u>Employee Health Self Insurance</u>					
Human Resources	314,927,053	314,927,053	313,651,645	1,275,408	0.4%

FY23 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:	499,804,030	499,804,030	501,973,291	-2,169,261	-0.43%
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Non-Tax Supported Total:	895,056,577	968,982,117	886,538,803	82,443,314	8.5%