



OFFICE OF MANAGEMENT AND BUDGET

Marc Elrich
County Executive

Jennifer R. Bryant
Director

MEMORANDUM

March 15, 2024

TO: Andrew Friedson, President
Montgomery County Council

FROM: Jennifer R. Bryant, Director
Office of Management and Budget

Michael J. Coveyou, Director
Department of Finance

SUBJECT: FY24 Second Quarterly 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 FY25 Recommended 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 Office of Animal Services projected overspending is due to increased motor pool expenses and staff costs that are higher than the budgeted lapse rate.

The Board of Elections projected overspending is due to the 2024 presidential primary election and the need for temporary seasonal staff costs, including overtime.

The Department of Correction and Rehabilitation projected overspending is due to contract increases for medical services and increased overtime usage due to staffing shortages.

The Office of the County Attorney projected overspending is due to incomplete chargebacks.

Office of the Director

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The Circuit Court projected overspending is due to increased juror stipends and higher than budgeted staff costs.

The Fire and Rescue Service projected overspending is due to unbudgeted overtime costs, increased motor pool costs, and increased service contract costs.

The Office of Grants Management projected overspending is due to higher than budgeted staff costs.

The Department of General Services projected overspending is due to unbudgeted overtime, contractual increases, and after-hours and weekend emergencies at County facilities.

The Department of Health and Human Services projected overspending is due to additional funding needed for various programs and overtime usage.

The Department of Technology and Enterprise Business Solutions projected overspending is due to contractual cost increases.

The Division of Transit Services projected overspending is due to unbudgeted overtime costs and increased motor pool expenses.

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

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

The Climate Response NDA expenditures are assumed to exceed the budget of \$6.6 million by \$12.8 million, which includes a contingency for \$860k for potential storm clean-up the rest of the fiscal year. The estimate will be reassessed and may be revised at the end of the third quarter.

The Police Accountability NDA projected overspending is due to higher than anticipated operating expenses including legal counsel costs and office supplies.

The Utilities NDA projected overspending is due to electricity expenses, natural gas increases due to reopening of facilities, and increased water and sewer usage.

The Recreation Non-Tax Supported projected overspending is due to increased contract costs.

The Employee Health Self Insurance Fund projected overspending is due to increased claims in group insurance.

Second Quarter Revenue Update

The Revenue Estimating Group report from February 15 provided a review of tax revenue collections through the second quarter of FY24 that ended on December 31, 2023. Additional information on FY24 revenues will be included in the County Executive's recommended budget on March 14.

Reserves

The County's FY24 total ending reserves are estimated to be \$956.6 million, or 15.0 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. This reserve estimate includes the additional spending in FY24 contained in this analysis. Additional details on the County's reserves will be included in the County Executive's recommended budget on March 14.

JB/MC:cm

Enclosure: Second Quarterly Analysis of Expenditures

cc: Marc Elrich, County Executive

Cindy Gibson, Chief of Staff to the Council President, Montgomery County Council

Marlene Michaelson, Executive Director, Montgomery County Council

Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive

Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive

Ken Hartman Espada, Assistant Chief Administrative Officer, Office of the County Executive

All County Government Department and Office Directors

FY24 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	1,360,342	1,370,705	1,357,276	13,429	1.0%
Animal Services	9,397,446	9,407,340	9,875,157	-467,817	-5.0%
Board of Appeals	644,915	651,033	646,017	5,016	0.8%
Board of Elections	12,661,461	12,671,827	12,922,076	-250,249	-2.0%
Circuit Court	13,866,467	13,866,467	14,383,043	-516,576	-3.7%
Community Engagement Cluster	8,667,913	8,673,234	8,669,744	3,490	0.0%
Consumer Protection	2,566,794	2,576,387	2,588,724	-12,337	-0.5%
Correction and Rehabilitation	76,314,241	76,376,428	79,825,504	-3,449,076	-4.5%
County Attorney	7,623,648	7,662,359	7,831,401	-169,042	-2.2%
County Council	16,778,016	16,838,983	16,838,983	0	0.0%
County Executive	7,070,523	7,103,287	7,115,870	-12,583	-0.2%
Emergency Management and Homeland Security	3,023,204	5,908,575	5,699,229	209,346	3.5%
Environmental Protection	9,083,847	9,384,086	8,734,086	650,000	6.9%
Ethics Commission	391,253	397,831	397,892	-61	0.0%
Finance	16,825,918	19,033,892	19,033,892	0	0.0%
Food Systems Resilience	1,118,131	5,588,131	5,594,960	-6,829	-0.1%
General Services	38,741,140	39,327,063	43,585,307	-4,258,244	-10.8%
Grants Management	609,378	614,942	655,626	-40,684	-6.6%
Health and Human Services	357,083,108	365,958,602	368,924,091	-2,965,489	-0.8%
Housing and Community Affairs	10,625,718	11,558,072	11,047,182	510,890	4.4%
Human Resources	11,358,254	11,378,991	11,059,019	319,972	2.8%
Human Rights	1,963,795	1,974,441	1,746,967	227,474	11.5%
Inspector General	2,917,321	2,932,736	2,807,153	125,583	4.3%
Intergovernmental Relations	956,388	963,250	791,858	171,392	17.8%
Labor Relations	1,621,170	1,626,321	1,648,668	-22,347	-1.4%
Legislative Oversight	2,366,474	2,399,295	2,399,295	0	0.0%
Management and Budget	7,243,698	7,279,996	7,279,187	809	0.0%
Merit System Protection Board	688,031	692,648	699,411	-6,763	-1.0%
Non-Departmental Accounts	353,380,455	371,385,170	375,909,830	-4,524,660	-1.2%
Police	312,520,754	312,945,918	300,974,023	11,971,895	3.8%
Procurement	5,068,606	5,093,812	4,919,891	173,921	3.4%
Public Information	7,146,709	7,169,645	6,867,487	302,158	4.2%
Public Libraries	49,418,729	49,480,505	47,870,600	1,609,905	3.3%
Racial Equity and Social Justice	1,398,979	1,398,979	1,251,297	147,682	10.6%
Sheriff	28,056,426	28,061,403	27,913,556	147,847	0.5%
State's Attorney	21,866,576	21,866,576	21,507,127	359,449	1.6%
Technology and Enterprise Business Solutions	52,213,636	52,347,632	53,414,372	-1,066,740	-2.0%
Transportation	52,190,944	56,766,395	54,941,784	1,824,611	3.2%
Zoning and Administrative Hearings	755,988	755,988	737,398	18,590	2.5%
General Fund Total:	1,507,586,396	1,551,488,945	1,550,464,983	1,023,962	0.07%

Special Funds

Fire

FY24 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
Fire and Rescue Service	266,795,154	270,014,605	286,865,995	-16,851,390	-6.2%
Recreation					
Recreation	55,955,565	56,002,438	54,943,302	1,059,136	1.9%
Bethesda Urban District					
Urban Districts	3,579,500	3,579,500	3,518,908	60,592	1.7%
Silver Spring Urban District					
Urban Districts	4,263,285	4,263,305	4,380,940	-117,635	-2.8%
Wheaton Urban District					
Urban Districts	3,086,882	3,086,882	3,256,592	-169,710	-5.5%
Mass Transit					
Transit Services	174,615,613	174,674,305	189,871,617	-15,197,312	-8.7%
Economic Development Fund					
Economic Development Fund	3,455,739	4,387,889	3,965,885	422,004	9.6%
Friendship Heights Urban District					
Urban Districts	617,518	617,518	617,518	0	0.0%
Special Funds Total:	512,369,256	516,626,442	547,420,757	-30,794,315	-5.96%
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Tax Supported Total:	2,019,955,652	2,068,115,387	2,097,885,740	-29,770,353	-1.4%

FY24 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	6,649,029	6,649,029	6,649,029	0	0.0%
NDA - Boards, Committees and Commissions	49,665	49,665	26,161	23,504	47.3%
NDA - Charter Review Commission	1,150	1,150	1,150	0	0.0%
NDA - Children's Opportunity Alliance (COA)	728,387	728,387	728,387	0	0.0%
NDA - Climate Change Planning	486,500	486,500	486,500	0	0.0%
NDA - Climate Response	2,884,990	0	12,750,000	-12,750,000	0.0%
NDA - Community Grants	11,617,948	13,117,948	13,117,948	0	0.0%
NDA - Compensation and Employee Benefit Adjustments	8,781,173	8,148,717	7,282,128	866,589	10.6%
NDA - Conference and Visitors Bureau	2,196,819	2,196,819	2,196,819	0	0.0%
NDA - Conference Center	602,195	602,195	202,982	399,213	66.3%
NDA - Consolidated Retiree Health Benefit Trust - MCPS	62,251,472	62,251,472	62,251,472	0	0.0%
NDA - County Associations	74,728	74,728	74,728	0	0.0%
NDA - COVID-19 Response: Community Assistance	0	5,379,120	-44,000	5,423,120	100.8%
NDA - Device Client Management	13,801,195	13,801,195	13,801,195	0	0.0%
NDA - Early Care and Education	11,178,526	23,582,824	11,178,526	12,404,298	52.6%
NDA - Grants To Municipalities in Lieu Of Shares Tax	28,020	28,020	28,012	8	0.0%
NDA - Group Insurance Retirees	51,438,503	51,438,503	51,438,503	0	0.0%
NDA - Guaranteed Income	3,298,345	3,923,607	3,298,345	625,262	15.9%
NDA - Historical Activities	166,860	166,860	166,860	0	0.0%
NDA - Homeowners' Association Road Maintenance Reimb.	62,089	62,089	62,089	0	0.0%
NDA - Housing Opportunities Commission	7,972,501	7,972,501	7,972,501	0	0.0%
NDA - Incubator Programs	2,659,874	2,659,874	2,395,187	264,687	10.0%
NDA - Independent Audit	431,510	431,510	431,510	0	0.0%
NDA - Interagency Technology, Policy, and Coordination Commission	3,000	3,000	3,000	0	0.0%
NDA - KID Museum	1,860,798	1,860,798	1,860,798	0	0.0%
NDA - Labor Management Relations Committee	0	395,518	212,759	182,759	46.2%
NDA - Leases	18,056,606	18,056,606	18,056,606	0	0.0%
NDA - Legislative Branch Communications Outreach	2,382,054	2,382,054	2,382,054	0	0.0%
NDA - Metro Washington Council of Governments	1,957,533	1,957,533	1,718,724	238,809	12.2%
NDA - Montgomery Coalition for Adult English Literacy	2,277,032	2,277,032	2,277,032	0	0.0%
NDA - Montgomery County Economic Development Corporation	5,950,000	5,950,000	5,950,000	0	0.0%
NDA - Montgomery County Green Bank	18,647,957	18,647,957	18,647,957	0	0.0%
NDA - Payments to Municipalities	18,894,482	19,971,066	19,873,759	97,307	0.5%
NDA - Police Accountability Board	509,222	509,222	597,599	-88,377	-17.4%
NDA - Prisoner Medical Services	20,000	20,000	0	20,000	100.0%
NDA - Public Technology, Inc.	5,000	5,000	5,000	0	0.0%
NDA - Risk Management (General Fund)	26,469,813	26,469,813	26,469,813	0	0.0%
NDA - Rockville Parking District	422,300	422,300	420,722	1,578	0.4%
NDA - Skills for the Future	284,774	426,153	229,408	196,745	46.2%
NDA - Small Business Support Services	1,485,000	1,485,000	1,485,000	0	0.0%
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 - Takoma Park Library Annual Payments	172,416	172,416	184,090	-11,674	-6.8%

FY24 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 - Telecommunications	5,086,126	5,086,126	5,086,126	0	0.0%
NDA - UM 3 - Institute for Health Computing	3,700,000	3,700,000	3,700,000	0	0.0%
NDA - Universities at Shady Grove	225,000	225,000	0	225,000	100.0%
NDA - Vision Zero	201,944	201,944	201,538	406	0.2%
NDA - Working Families Income Supplement	27,490,751	27,490,751	27,278,356	212,395	0.8%
NDA - WorkSource Montgomery, Inc.	2,014,594	2,014,594	2,014,594	0	0.0%
Utilities	24,276,203	24,276,203	37,193,248	-12,917,045	-53.2%
NDA's: Tax Supported - County General Fund Total:	353,380,455	371,385,170	375,909,830	-4,524,660	-1.2%

FY24 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	57,287,692	68,253,520	61,056,211	7,197,309	10.5%
<u>Cable TV</u>					
Cable Television Communications Plan	14,062,013	14,073,511	13,533,153	540,358	3.8%
<u>Water Quality Protection</u>					
Environmental Protection	33,929,975	33,953,981	33,228,981	725,000	2.1%
<u>Recreation Non-Tax Supported</u>					
Recreation	3,600,000	3,600,000	4,725,351	-1,125,351	-31.3%
<u>Detention Center Non-Tax</u>					
Correction and Rehabilitation	543,000	543,000	519,298	23,702	4.4%
Special Funds Total:	109,422,680	120,424,012	113,062,994	7,361,018	6.11%
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<u>Enterprise Funds</u>					
<u>Liquor</u>					
Alcohol Beverage Services	70,739,577	70,739,577	70,706,507	33,070	0.0%
<u>Solid Waste Disposal</u>					
Recycling and Resource Management	131,284,200	131,326,105	130,756,105	570,000	0.4%
<u>Solid Waste Collection</u>					
Recycling and Resource Management	11,366,793	11,366,793	11,256,793	110,000	1.0%
<u>Leaf Vacuuming</u>					
Transportation	7,273,923	7,273,923	6,225,611	1,048,312	14.4%
<u>Community Use of Public Facilities</u>					
Community Use of Public Facilities	11,139,336	11,154,518	9,981,486	1,173,032	10.5%
<u>Bethesda Parking</u>					
Parking District Services	14,394,080	14,399,815	14,318,974	80,841	0.6%
<u>Silver Spring Parking</u>					
Parking District Services	11,227,847	11,233,457	11,208,317	25,140	0.2%
<u>Wheaton Parking</u>					
Parking District Services	1,643,050	1,653,730	1,645,974	7,756	0.5%
<u>Permitting Services</u>					
Permitting Services	41,662,896	41,771,428	41,191,720	579,708	1.4%
Enterprise Funds Total:	300,731,702	300,919,346	297,291,487	3,627,859	1.21%
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<u>Internal Service Funds</u>					
<u>Motor Pool</u>					
Fleet Management Services	88,296,952	88,296,952	92,796,642	-4,499,690	-5.1%
<u>Central Duplicating (Printing & Mail)</u>					
General Services	8,700,344	8,700,344	9,900,344	-1,200,000	-13.8%
<u>Risk Management (Self Insurance - ISF)</u>					
Finance	95,316,835	95,316,835	94,801,930	514,905	0.5%
<u>Employee Health Self Insurance</u>					
Human Resources	331,488,321	331,488,321	343,186,636	-11,698,315	-3.5%

FY24 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:	523,802,452	523,802,452	540,685,552	-16,883,100	-3.22%
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Non-Tax Supported Total:	933,956,834	945,145,810	951,040,033	-5,894,223	-0.6%