



MONTGOMERY COUNTY GOVERNMENT

Marc Elrich
County Executive

MEMORANDUM

March 14, 2025

TO: Kate Stewart, President
Montgomery County Council

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

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Michael J. Coveyou, Director
Department of Finance

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SUBJECT: FY25 Second Quarterly Analysis

Attached please find the FY25 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 FY26 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 Circuit Court projected overspending is due to a leave payout and increased software licensing costs.

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 Executive projected overspending is due to a leave payout.

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

The State's Attorney's Office projected overspending is due to increased translation service costs.

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

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 to unbudgeted overtime costs and staff costs that are higher than the budgeted lapse rate.

The Weather Response NDA expenditures are assumed to exceed the budget of \$6.7 million by \$20.4 million, which includes a contingency for \$1.0 million 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 Working Families Income Supplement NDA projected overspending is due to an increase in the number of eligible filers.

The Utilities NDA projected overspending is primarily due to greater consumption due to new facilities or services, increased use of facilities after pandemic closures, and increased rates from utility companies.

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

Second Quarter Revenue Update

The Revenue Estimating Group report from February 18 provided a review of tax revenue collections through the second quarter of FY25 that ended on December 31, 2024. Additional information on FY25 revenues will be included in the County Executive's recommended budget on March 14.

Reserves

The County's FY25 total ending reserves are estimated to be \$906.6 million, or 13.5 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 FY25 contained in this analysis. Additional details on the County's reserves will be included in the County Executive's recommended budget on March 14.

JRB/MC:cm

Enclsoure: Second Quarterly Analysis of Expenditures

cc: Marc Elrich, County Executive
Cecily Thorne, Chief of Staff to the Council President, Montgomery County Council
Craig Howard, Executive Director, Montgomery County Council
Richard S. Madaleno, Chief Administrative Officer, Office the the County Executive
Fariba Kassiri, Deputy Chief Administrative Officer, Office the the County Executive
Ken Hartman Espada, Assistant Chief Administrative Officer, Office the the County Executive
Sonia Mora, Assistant Chief Administrative Officer, Office the the County Executive
Earl Stoddard Assistant Chief Administrative Officer, Office the the County Executive
All County Government Department and Office Directors

FY25 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					
<u>General Fund</u>					
Agriculture	1,455,952	1,466,381	1,444,497	21,884	1.5%
Animal Services	10,500,840	10,506,326	10,028,570	477,756	4.5%
Board of Appeals	588,642	595,630	581,597	14,033	2.4%
Board of Elections	17,141,137	17,148,715	17,141,104	7,611	0.0%
Circuit Court	15,221,599	15,221,599	15,525,523	-303,924	-2.0%
Community Engagement Cluster	9,997,919	10,006,954	9,810,646	196,308	2.0%
Consumer Protection	2,839,549	2,851,614	2,681,963	169,651	5.9%
Correction and Rehabilitation	83,520,400	83,594,606	88,801,196	-5,206,590	-6.2%
County Attorney	10,489,686	10,537,987	10,053,719	484,268	4.6%
County Council	19,226,192	19,303,914	19,303,914	0	0.0%
County Executive	6,960,110	6,980,716	7,013,881	-33,165	-0.5%
Emergency Management and Homeland Security	3,566,282	3,575,590	3,397,036	178,554	5.0%
Environmental Protection	9,682,921	9,701,675	9,581,675	120,000	1.2%
Ethics Commission	416,473	416,473	321,775	94,698	22.7%
Finance	19,369,018	21,636,354	21,437,247	199,107	0.9%
Food Systems Resilience	14,200,511	14,207,106	14,214,829	-7,723	-0.1%
General Services	41,414,591	41,484,953	45,397,232	-3,912,279	-9.4%
Grants Management	1,044,508	1,050,967	1,027,907	23,060	2.2%
Health and Human Services	390,781,758	395,228,178	394,248,109	980,069	0.2%
Housing and Community Affairs	13,468,173	13,498,050	13,222,039	276,011	2.0%
Human Resources	12,831,821	12,849,386	11,835,007	1,014,379	7.9%
Human Rights	2,117,953	2,124,135	1,912,725	211,410	10.0%
Inspector General	3,612,200	3,631,597	3,602,154	29,443	0.8%
Intergovernmental Relations	1,010,462	1,018,299	964,865	53,434	5.2%
Labor Relations	2,213,839	2,226,541	2,223,105	3,436	0.2%
Legislative Oversight	2,645,735	2,683,026	2,683,026	0	0.0%
Management and Budget	7,693,959	7,729,730	7,622,697	107,033	1.4%
Merit System Protection Board	307,445	307,445	288,343	19,102	6.2%
Non-Departmental Accounts	358,278,716	366,778,210	384,528,713	-17,750,503	-4.8%
Police	330,106,567	330,627,350	328,673,129	1,954,221	0.6%
Procurement	5,641,088	5,671,098	5,657,720	13,378	0.2%
Public Information	2,957,149	2,976,093	2,962,949	13,144	0.4%
Public Libraries	52,451,701	52,523,796	51,095,755	1,428,041	2.7%
Racial Equity and Social Justice	1,567,682	1,567,682	1,486,542	81,140	5.2%
Sheriff	29,556,443	29,561,614	28,337,127	1,224,487	4.1%
State's Attorney	24,557,231	24,557,231	24,613,882	-56,651	-0.2%
Technology and Enterprise Business Solutions	73,468,256	73,667,087	72,602,115	1,064,972	1.4%
Transportation	55,968,948	58,949,665	55,555,464	3,394,201	5.8%
Zoning and Administrative Hearings	819,477	819,477	808,083	11,394	1.4%
General Fund Total:	1,639,692,933	1,659,283,250	1,672,687,860	-13,404,610	-0.81%
<u>Special Funds</u>					
<u>Fire</u>					

FY25 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	292,436,391	294,448,383	309,109,107	-14,660,724	-5.0%
<u>Recreation</u>					
Recreation	59,634,144	59,679,683	59,066,821	612,862	1.0%
<u>Bethesda Urban District</u>					
Urban Districts	3,800,017	3,800,017	3,801,420	-1,403	0.0%
<u>Silver Spring Urban District</u>					
Urban Districts	4,607,137	4,607,158	4,980,165	-373,007	-8.1%
<u>Wheaton Urban District</u>					
Urban Districts	3,757,371	3,757,371	3,523,987	233,384	6.2%
<u>Mass Transit</u>					
Transit Services	188,541,034	188,599,794	199,413,434	-10,813,640	-5.7%
<u>Economic Development Fund</u>					
Economic Development Fund	4,169,168	24,800,866	25,092,947	-292,081	-1.2%
<u>Friendship Heights Urban District</u>					
Urban Districts	617,518	617,518	617,518	0	0.0%
Special Funds Total:	557,562,780	580,310,790	605,605,399	-25,294,609	-4.36%
Tax Supported Total:	2,197,255,713	2,239,594,040	2,278,293,259	-38,699,219	-1.7%

FY25 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
NDAs: Tax Supported - County General Fund					
General Fund					
NDA - Arts and Humanities Council	6,848,500	6,848,500	6,848,500	0	0.0%
NDA - BioHub Maryland at Montgomery County	562,436	562,436	562,436	0	0.0%
NDA - Boards, Committees and Commissions	49,665	49,665	29,665	20,000	40.3%
NDA - Charter Review Commission	150	150	150	0	0.0%
NDA - Children's Opportunity Alliance (COA)	1,984,079	1,984,079	1,981,439	2,640	0.1%
NDA - Climate Change Planning	718,344	718,344	718,344	0	0.0%
NDA - Community Grants	10,920,201	12,062,460	12,062,460	0	0.0%
NDA - Compensation and Employee Benefit Adjustments	3,336,137	2,031,098	1,178,172	852,926	42.0%
NDA - Conference and Visitors Bureau	2,262,724	2,262,724	2,262,724	0	0.0%
NDA - Conference Center	566,972	566,972	566,972	0	0.0%
NDA - Consolidated Retiree Health Benefit Trust - MCPS	59,106,261	59,106,261	59,106,261	0	0.0%
NDA - County Associations	76,533	76,533	76,533	0	0.0%
NDA - COVID-19 Response: Community Assistance	0	5,423,120	15,170	5,407,950	99.7%
NDA - Device Client Management	16,181,677	16,181,677	16,181,677	0	0.0%
NDA - Early Care and Education	10,260,344	15,090,754	15,090,754	0	0.0%
NDA - Grants To Municipalities in Lieu Of Shares Tax	28,020	28,020	28,012	8	0.0%
NDA - Group Insurance Retirees	44,393,473	44,393,473	44,393,473	0	0.0%
NDA - Guaranteed Income	1,229,850	2,137,189	2,137,189	0	0.0%
NDA - Historical Activities	221,866	221,866	221,866	0	0.0%
NDA - Homeowners' Association Road Maintenance Reimb.	62,089	62,089	62,089	0	0.0%
NDA - Housing Opportunities Commission	8,295,315	8,295,315	8,295,315	0	0.0%
NDA - Incubator Programs	2,437,584	2,437,584	2,437,584	0	0.0%
NDA - Independent Audit	432,242	433,254	433,254	0	0.0%
NDA - Interagency Technology, Policy, and Coordination Commission	3,000	3,000	0	3,000	100.0%
NDA - KID Museum	1,916,622	1,916,622	1,916,622	0	0.0%
NDA - Labor Management Relations Committee	0	188,638	188,638	0	0.0%
NDA - Leases	18,619,006	18,619,006	18,243,192	375,814	2.0%
NDA - Legislative Branch Communications Outreach	2,605,536	2,605,536	2,605,536	0	0.0%
NDA - Metro Washington Council of Governments	1,957,533	1,957,533	1,957,533	0	0.0%
NDA - Montgomery Coalition for Adult English Literacy	2,512,032	2,512,032	2,512,032	0	0.0%
NDA - Montgomery County Economic Development Corporation	4,670,948	4,670,948	4,670,948	0	0.0%
NDA - Montgomery County Green Bank	19,126,186	19,126,186	19,126,186	0	0.0%
NDA - Motor Pool Fund Contribution	1,524,609	1,524,609	1,524,609	0	0.0%
NDA - Payments to Municipalities	21,700,055	21,700,055	21,610,343	89,712	0.4%
NDA - Police Accountability Board	788,743	788,743	788,743	0	0.0%
NDA - Prisoner Medical Services	20,000	20,000	0	20,000	100.0%
NDA - Public Elections Fund	333,000	333,000	333,000	0	0.0%
NDA - Public Technology, Inc.	5,000	5,000	5,000	0	0.0%
NDA - Risk Management (General Fund)	24,651,871	24,651,871	24,651,871	0	0.0%
NDA - Rockville Parking District	426,900	426,900	426,585	315	0.1%
NDA - Skills for the Future	293,317	490,062	490,062	0	0.0%
NDA - Small Business Support Services	2,281,233	2,281,233	2,263,024	18,209	0.8%
NDA - State Positions Supplement	60,756	60,756	0	60,756	100.0%

FY25 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 Property Tax Services	3,565,615	3,565,615	3,565,615	0	0.0%
NDA - Takoma Park Library Annual Payments	184,090	184,090	184,090	0	0.0%
NDA - Telecommunications	4,086,126	4,086,126	4,086,126	0	0.0%
NDA - UM 3 - Institute for Health Computing	6,300,000	6,300,000	6,300,000	0	0.0%
NDA - Universities at Shady Grove	0	0	0	0	0.0%
NDA - Vision Zero	213,882	213,882	212,672	1,210	0.6%
NDA - Weather Response	2,884,990	0	20,383,600	-20,383,600	0.0%
NDA - Working Families Income Supplement	28,123,522	28,123,522	32,127,666	-4,004,144	-14.2%
NDA - WorkSource Montgomery, Inc.	2,274,032	2,274,032	2,274,032	0	0.0%
Utilities	37,175,650	37,175,650	37,390,949	-215,299	-0.6%
NDA's: Tax Supported - County General Fund Total:	358,278,716	366,778,210	384,528,713	-17,750,503	-4.8%

FY25 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	56,196,099	73,089,756	62,925,920	10,163,836	13.9%
<u>Cable TV</u>					
Cable Television Communications Plan	6,556,970	6,556,970	6,556,970	0	0.0%
<u>Water Quality Protection</u>					
Environmental Protection	36,010,241	36,026,030	35,526,030	500,000	1.4%
<u>Recreation Non-Tax Supported</u>					
Recreation	4,700,000	4,700,000	5,700,000	-1,000,000	-21.3%
<u>Detention Center Non-Tax</u>					
Correction and Rehabilitation	683,000	683,000	587,088	95,912	14.0%
<u>Opioid Abatement</u>					
Health and Human Services	1,563,273	4,180,373	1,685,600	2,494,773	59.7%
Special Funds Total:	105,709,583	125,236,129	112,981,608	12,254,521	9.79%
<u>Enterprise Funds</u>					
<u>Liquor</u>					
Alcohol Beverage Services	74,604,653	74,604,653	74,595,929	8,724	0.0%
<u>Solid Waste Disposal</u>					
Recycling and Resource Management	142,546,892	142,581,804	141,761,804	820,000	0.6%
<u>Solid Waste Collection</u>					
Recycling and Resource Management	12,313,291	12,315,876	12,235,876	80,000	0.6%
<u>Leaf Vacuuming</u>					
Transportation	7,464,021	7,464,021	6,741,892	722,129	9.7%
<u>Community Use of Public Facilities</u>					
Community Use of Public Facilities	11,440,573	11,463,093	11,395,985	67,108	0.6%
<u>Bethesda Parking</u>					
Parking District Services	15,093,575	15,106,861	15,058,051	48,810	0.3%
<u>Silver Spring Parking</u>					
Parking District Services	11,705,498	11,718,302	11,689,006	29,296	0.3%
<u>Wheaton Parking</u>					
Parking District Services	2,079,550	2,082,299	2,079,872	2,427	0.1%
<u>Permitting Services</u>					
Permitting Services	45,659,555	45,790,696	45,004,956	785,740	1.7%
Enterprise Funds Total:	322,907,608	323,127,605	320,563,371	2,564,234	0.79%
<u>Internal Service Funds</u>					
<u>Motor Pool</u>					
Fleet Management Services	102,321,758	102,321,758	108,188,043	-5,866,285	-5.7%
<u>Central Duplicating (Printing & Mail)</u>					
General Services	9,184,291	9,184,291	10,508,395	-1,324,104	-14.4%
<u>Risk Management (Self Insurance - ISF)</u>					
Finance	112,829,557	112,829,557	112,585,755	243,802	0.2%
<u>Employee Health Self Insurance</u>					

FY25 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
Human Resources	373,381,118	373,381,118	372,627,460	753,658	0.2%
Internal Service Funds Total:	597,716,724	597,716,724	603,909,653	-6,192,929	-1.04%
Non-Tax Supported Total:	1,026,333,915	1,046,080,458	1,037,454,632	8,625,826	0.8%