

GO Committee #2  
April 30, 2014

## MEMORANDUM

April 23, 2014

TO: Government Operations and Fiscal Policy Committee  
FROM: Jacob Sesker, Senior Legislative Analyst  
SUBJECT: FY15 Operating Budget: Office of Management and Budget *JS*

Those expected to attend this worksession include: Jennifer Hughes, Director; Amy Wilson, Scott Coble.

Relevant pages from the FY15 Recommended Operating Budget are attached on © 1-3.

**Council Staff Recommendation: Approve FY15 recommended Operating Budget for OMB.**

### Overview

The Office of Management and Budget (OMB) prepares the Operating Budget and Public Services Program every year, as well as the Capital Budget and six-year Capital Improvements Program during even-numbered calendar years. OMB's other major responsibilities include preparation of fiscal projections, fiscal planning and debt capacity analyses, transfers, CIP amendments, supplemental appropriations, participation in collective bargaining, and compensation policy development. This year, as is the case every year, personnel costs represent nearly all of OMB's annual expenditures (96.8% in the Executive's FY15 recommended budget).

The Executive recommends \$3,790,334 for FY15, an increase of \$46,546 (1.2%) from FY14. The FY15 recommended operating budget for this department of 33 full time employees would increase FTEs in OMB from 33.00 in FY14 (28.00 FTE charged to the General Fund, 4.50 FTE charged to the CIP, 0.50 FTE charged to Human Resources) to 34.00 in FY15 (FTE charged to the General Fund would increase to 29.00).

<i>Change</i>	<i>Expenditures</i>	<i>FTEs</i>
<b>FY14 Original Appropriation</b>	<b>\$3,870,467</b>	<b>28.00</b>
Increase Cost: FY15 Compensation Adjustment	\$152,989	0.00
Increase Cost: Project SEARCH Position to Provide Office and IT Support	\$46,585	1.00
Increase Cost: Contractual Services to Support Community Grants Process, IT Support, and Professional Services	\$17,500	0.00
Increase Cost: Retirement Adjustment	\$7,533	0.00
Increase Cost: Group Insurance Adjustment	\$5,415	0.00
Increase Cost: Printing and Mail	\$1,369	0.00
Decrease Cost: Annualization of FY14 Personnel Costs	(\$184,845)	0.00
<b>FY15 Recommended</b>	<b>\$3,917,013</b>	<b>29.00</b>

Charged Department	Charged Fund	FY14 \$	FY14 FTEs	FY15 \$	FY15 FTEs
CIP	CIP	\$648,264	4.50	\$688,365	4.50
Human Resources	Employee Health Benefit Self Insurance	\$72,221	0.50	83,436	0.5

### **FY15 expenditure issues**

#### ***Increase Cost: Project SEARCH Position to Provide Office and IT Support***

The recommended budget adds \$46,585 for a Project SEARCH position to provide office and IT support to the Office of Management and Budget. Project Search Montgomery provides more opportunities for persons with significant disabilities to work in Montgomery County government. The program is based across multiple Montgomery County government departments and facilities. Participating interns build marketable skills and experience in workplace with the support of coaches and instructors in partnership with Ivymount School and SEEC (Seeking Equality, Empowerment and Community for People with Development Disabilities).

**Staff recommendation: Concur with the Executive.**

#### ***Increase Cost: Contractual Services to Support Community Grants Process, IT Support, and Professional Services***

This funding provides nursing/aide service for a handicapped employee. A replacement contract will be put out to bid in FY15. Rates for the current contract have not increased in 3 years, and OMB anticipates cost increases for the replacement contract.

A portion of this increase in funding is also for processing community grants. OMB, like the Council, uses a contractual employee to coordinate, review, and process the grants. With the increase in grant applications more time is required for review and processing.

A portion of this increase may also be used to assist with the development of the IT Systems OMB uses for developing, implementing, monitoring the operating and CIP budgets.

**Staff recommendation: Concur with the Executive.**

### **Departmental performance measures**

Users of the budget may not understand the relationship between the performance measures reported in each department's budget and OMB and CountyStat, a separate program within the Office of the County Executive. OMB provided the following explanation:

*The majority of current departmental performance measures were developed at the inception of the CountyStat program/office six years ago. A consultant used his firm's methodology called "Results Based Accountability" (RBA) to first link departments to the County Executive's eight priority areas, and then work backwards from ends to means to determine the appropriate measures that would best communicate at the department level how goals are being achieved or if efforts are falling short. There are three levels of measurement that RBA is concerned with: How much did we do? (measures of amounts: how many people were served, how much was accomplished, etc.); How well did we do it? (measures of efficiency and quality: % of services performed properly, turnaround times, etc.); and Is anyone better off? (measures of effectiveness: quantity of change for the better, % of people served who experienced improvements in skills, attitudes, etc.). Clearly the first two are easier to capture and report, while the third requires more effort and commitment over time. Another test for selecting performance measures is gauging their Communication Power (is the measure readily understood), Proxy Power (does the measure speak to the most important aspects of what we do and is a good proxy for other measures), and Data Power (there is credible, accessible, and regularly available data to feed into the measure).*

*Over time, some measures have been refined and new ones introduced, sometimes at the request of a department who feels that their current set of measures does not adequately "tell its story" and sometimes by CountyStat when it recognizes that improvements can be made or there is a service or function not being reflected in a department's set of measures. At this time, all Executive Branch Departments have anywhere from five to two-dozen "headline" measures that focus on desired outcomes and major operations of the department, and any number of "supporting" measures that are more output-focused in nature, and are worth tracking and reporting nonetheless.*

*CountyStat works with departments to continually refine and improve their measures, recently completing a top-to-bottom review process with DED and DPS, and is mid-way through the process with OMB. CountyStat is also working with MCFRS and DOT to add a new measure for each to cover a service area where a reporting gap was identified.*

*With respect to collaboration between CountyStat and OMB, the OMB Director has a seat at the table at every CountyStat meeting, and is an active participant. Additionally, efforts to achieve Outcome-Based Budgeting continue to progress. OMB has introduced a group of “clusters” to its budget process that bring together departments and CountyStat around cross-cutting issues (e.g. senior services) to better understand the contribution and impact that each department has. The next step for CountyStat is to work with OMB and departments to develop measures that are more granular than the Headline Measures and operate at the programmatic level (as opposed to the department level) to better inform budget discussions and decisions.*

### **Form and content of the budget**

Each year the County Executive recommends an operating budget and each year the Council approves an operating budget. For several weeks each spring, the Council holds worksessions to explore issues and make changes to the budget recommended by the Executive. This year, OMB has indicated intent to not print or reduce printing of the budget to be approved by the Council.

In response to Council Staff’s questions, OMB provided the following response:

*The change in form will allow users to have access to substantially more content, and will be ADA compliant. Braille Readers, Voice Recognition software (like Dragon Dictate) can easily parse through the HTML (including metadata) and allow for users with disabilities to have access to the same level of content.*

*We will not be limited to the size of an 8.5” X 11” piece of paper; enhanced narratives, charts, graphs, images, interactive maps and videos can be incorporated. Users will have the capability to access information from previous year(s) and a search engine to help facilitate finding information will be included.*

*Users will be able to access the content across multiple devices, including PCs, laptops, tablets and smart phones.*

*In addition to reduced printing costs, we will substantially reduce staff time associated with producing the publications. There will no longer be the need to align margins, line up headers and footers, metafile charts, squeeze excel charts to fit on the page, etc. By using standard templates and data schemas on data.montgomery the publication will help produce itself each year (Recommended & Operating).*

Regarding the content of the budget, OMB has indicated that there should not be any reduction in content.

*As mentioned above, we will be able to add content as needed, including interactive maps, charts, graphs, spreadsheets and narratives. Users will have access to all raw data sets, which can easily be exported into multiple formats (including Excel) allowing for additional analysis.*

Past budgets have included more information than current budget books. For example, the FY90 Recommended Budget for OMB is attached at © 5. A reader of the FY90 Recommended Budget would have details and justifications regarding each recommended change in expenditures.

Readers of the FY15 Recommended Budget might find no explanation or justification in the budget book (for example, there is no explanation for the two small and non-controversial changes recommended for the OMB budget, and this is also true for very large changes in the recommended budgets of departments).

Readers of recommended budgets will be interested in proposed (year over year) changes to the budget regardless of whether or not they have access to more data or open data. Most readers of the budget document would not have any way to get information about what the proposed change is and why it is being proposed. Generally, Councilmembers receive these important details only when Council Staff asks the questions and OMB and/or department staff provides the answer. This process frequently adds a significant amount of effort (and therefore cost) to the budget process and compresses the timeframe for the Council's review.

### **Staff observations on this initiative**

**Staff recommends requesting updates or briefings from OMB as the schedule and scope of the initiative becomes clearer.** Issues to discuss include the following:

- Printing copies for libraries and for archive purposes.
- Increasing the narrative content related to proposed changes to departments' budgets.
- Providing information that will help readers understand the base budgets of departments.
- Providing more explanation to the Council about how versions will be controlled and how changes to the budget will be reflected.
- Working with agencies (such as MCPS) to adopt data standards that will allow readers of online budgets to drill down into agency budgets as well as Montgomery County Government budgets.
- Scheduling sessions to train and engage Council Staff well in advance of the Council receiving FY16 recommended budgets.

Attachments: © 1 Recommended FY15 Operating Budget: OMB  
© 5 Recommended FY90 Operating Budget: OMB

# Management and Budget

## MISSION STATEMENT

The mission of the Office of Management and Budget (OMB) is to support and enhance the effective, efficient operation of County government, maintain the County's fiscal integrity and financial condition, and preserve the County's AAA bond rating by developing, promulgating, and applying appropriate budgetary policies and procedures; providing accurate, timely, and objective information and recommendations to the County Executive, County departments, the County Council, and the general public; preparing and administering the operating and capital budgets in compliance with the County Charter, generally accepted accounting principles, and the policy agendas of elected officials; and ensuring that available resources are efficiently allocated and productively used.

## BUDGET OVERVIEW

The total recommended FY15 Operating Budget for the Office of Management and Budget is \$3,917,013, an increase of \$46,546 or 1.2 percent from the FY14 Approved Budget of \$3,870,467. Personnel Costs comprise 96.8 percent of the budget for 34 full-time positions, and a total of 29.00 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 3.2 percent of the FY15 budget.

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

❖ **A Responsive, Accountable County Government**

## DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below. The FY14 estimates reflect funding based on the FY14 approved budget. The FY15 and FY16 figures are performance targets based on the FY15 recommended budget and funding for comparable service levels in FY16.

Measure	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
<b>Program Measures</b>					
Overall Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award ratings - percent rated outstanding or proficient <sup>1</sup>	97.5	98.5	98.5	98.5	98.5
Percentage of customers rating OMB services as good or very good on the OMB Customer Survey for the budget process <sup>2</sup>	79.4	75.0	77.5	80.0	82.5
Percentage of customers rating the ability of OMB staff to provide effective support in solving problems as good or very good on the OMB Customer Survey for the budget process	93.6	83.3	85.0	87.5	90.0
Percentage of customers rating the quality of OMB training and instructional materials as good or very good on the OMB Customer Survey for the budget process	77.6	82.0	85.0	85.0	85.0
Average number of days to process requests: Budget Adjustment	10.5	5.0	5.0	3.0	3.0
Average number of days to process requests: County Executive Correspondence	6.5	9.0	10.0	10.0	10.0
Average number of days to process requests: Future fiscal impacts of legislation	7.4	10.0	10.0	9.0	9.0

<sup>1</sup> The fiscal year shown for GFOA ratings corresponds to the fiscal year during which the budget was prepared (e.g. FY10 GFOA results apply to the FY11 budget document, which was prepared during FY10).

<sup>2</sup> The fiscal year shown in connection with all OMB Customer Survey results corresponds to the fiscal year during which the budget was prepared (e.g. FY10 results apply to the process of preparing the FY11 budget, which occurred during FY10).

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## ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Provided solutions for closing approximately \$2.9 billion in budgetary operating budget shortfalls between FY08 and FY15 to produce balanced budgets while preserving critical services and advancing key County priorities.*
- ❖ *Assisted in development of new Business Intelligence (BI) Dashboards for departments to monitor Financial and Human Resource data (e.g., Budget to Actuals; Authorized Positions) and also Dashboards related to Key Performance Indicators such as average length of time it takes to pay an invoice and department/county overtime and leave.*
- ❖ *OMB is in the process of expanding Montgomery County's Open Data initiative by launching two new offerings. First, OMB will be one of the first state or local governments to produce an interactive online publication of a Budget Book. By publishing the Budget Book online, OMB will greatly reduce printing costs, allow accessibility for readers with disabilities, significantly decrease the amount of time and effort staff spend producing the publication, and allow for rich content (video, audio, interactive maps and charts, data tables and more). Secondly, OMB is working with the Finance Department to create a high-level, story board view of the fiscal status in Montgomery County. This new online application, called the Financial Transparency Module, will allow residents to easily view charts, graphs, maps, and data tables to quickly understand the economic situation across the County.*
- ❖ *Worked with departments and agencies beginning two years ago to reduce general obligation bond issuance by \$140 million, or 7.3 percent, to rein in debt service costs. These actions made it possible to raise debt levels beginning in FY15 to support additional MCPS school capacity projects.*
- ❖ *Convened working groups to review cross-departmental issues with a goal of increasing coordination and collaboration, prioritizing budget requests, and streamlining operations.*
- ❖ *During FY14, OMB conducted 10 training sessions on operating and capital budget development and BI Tool overviews. Sessions were attended by approximately 305 County and Agency staff.*
- ❖ *OMB reviewed and made recommendations on 273 community grant applications for FY15 awards, an increase of 41% from the previous year.*
- ❖ *Productivity Improvements*
  - *OMB developed an internal, web-based Content Management System (CMS) to organize documentation, improve accessibility, create dashboards and status reports. The CMS (named eBudget), also serves a variety of administrative functions such as tracking documents, scheduling meetings, providing employee reference guides, and managing leave requests. eBudget serves as a central portal for users to access all OMB related applications. OMB was able to implement the solution with no software costs, eliminate maintenance of outdated software/databases, and by leveraging DTS's Enterprise Server Virtualization, keep hardware costs at a minimum. The result has been improved productivity, accuracy, and accountability.*
  - *Streamlined Encumbrance Liquidation process by preparing Purchasing Dashboard reports to make it easy for departments to review their outstanding Purchase Order (PO) Balances and submit items to OMB for liquidation. Worked with Finance and Procurement to develop a new policy for automatically deleting POs with a balance of \$100 or less.*

## PROGRAM CONTACTS

Contact Darlene Fairfax of the Office of Management and Budget at 240.777.2766 or Amy Wilson of the Office of Management and Budget at 240.777.2775 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### **Budget Preparation and Administration**

The Budget Preparation and Administration program covers the annual preparation of the Capital Budget, the six-year Public Services Program and Operating Budget, and the various activities designed to ensure compliance with the County Charter and decisions of elected officials. The six-year Capital Improvements Program is prepared during even-numbered calendar years. Fiscal policy and procedures are developed to ensure conformity with generally accepted accounting principles and County policies.

Six-year fiscal projections are prepared, including the identification of various Executive fiscal policy proposals and planning allocations. Fiscal planning assumptions and debt capacity analyses are updated, guidance is provided to departments and agencies, and budget recommendations are given to the Executive and Council. In addition, special analyses to monitor expenditures and revenues are conducted periodically during the year. County Executive transfers, Council transfers, and supplemental appropriations

are reviewed and processed as are transactions involving the creation, deletion, and movement of positions in the official position complement.

Related work includes participation in collective bargaining and compensation policy development; fiscal management and policy development; management analyses; measurement initiatives; program evaluations; fiscal impact analyses of legislation and regulations; development and amendment of administrative procedures; development and monitoring of user fees and other revenues; grants coordination; and contract review. The office's leadership, administration, automation, and process management are also included in this program. Staff provide OMB representation on a number of committees including the Contract Review Committee, the Interagency Group on Energy and Utilities Management, the Board of Investment Trustees, the Diversity Council, the Telecommunications Transmission Facility Coordinating Group, the Labor Relations Policy Committee, the ERP Steering Committee, the Information Technology Policy Advisory Committee, the Public Safety System Modernization project, and the Rapid Transit Steering Committee.

## BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	2,582,932	2,951,821	2,643,843	2,979,376	0.9%
Employee Benefits	778,236	810,836	908,468	810,958	0.0%
<b>County General Fund Personnel Costs</b>	<b>3,361,168</b>	<b>3,762,657</b>	<b>3,552,311</b>	<b>3,790,334</b>	<b>0.7%</b>
Operating Expenses	168,344	107,810	209,878	126,679	17.5%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>3,529,512</b>	<b>3,870,467</b>	<b>3,762,189</b>	<b>3,917,013</b>	<b>1.2%</b>
<b>PERSONNEL</b>					
Full-Time	32	33	33	34	3.0%
Part-Time	0	0	0	0	—
FTEs	27.50	28.00	28.00	29.00	3.6%

## FY15 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
<b>FY14 ORIGINAL APPROPRIATION</b>	<b>3,870,467</b>	<b>28.00</b>
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: FY15 Compensation Adjustment	152,989	0.00
Increase Cost: Project SEARCH Position To Provide Office and IT Support	46,585	1.00
Increase Cost: Contractual Services to Support Community Grants Process, IT Support, and Professional Services	17,500	0.00
Increase Cost: Retirement Adjustment	7,533	0.00
Increase Cost: Group Insurance Adjustment	5,415	0.00
Increase Cost: Printing and Mail	1,369	0.00
Decrease Cost: Annualization of FY14 Personnel Costs	-184,845	0.00
<b>FY15 RECOMMENDED:</b>	<b>3,917,013</b>	<b>29.00</b>

## CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY14		FY15	
		Total\$	FTEs	Total\$	FTEs
<b>COUNTY GENERAL FUND</b>					
CIP	CIP	648,264	4.50	688,365	4.50
Human Resources	Employee Health Benefit Self Insurance	72,221	0.50	83,436	0.50
<b>Total</b>		<b>720,485</b>	<b>5.00</b>	<b>771,801</b>	<b>5.00</b>

# FUTURE FISCAL IMPACTS

Title	CE REC. FY15	FY16	FY17	(S000's) FY18	FY19	FY20
<b>This table is intended to present significant future fiscal impacts of the department's programs.</b>						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY15 Recommended</b>	<b>3,917</b>	<b>3,917</b>	<b>3,917</b>	<b>3,917</b>	<b>3,917</b>	<b>3,917</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>43</b>	<b>43</b>	<b>43</b>	<b>43</b>	<b>43</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
<b>Labor Contracts - Other</b>	<b>0</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>
These figures represent other negotiated items included in the labor agreements.						
<b>Subtotal Expenditures</b>	<b>3,917</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>

## OFFICE OF MANAGEMENT AND BUDGET - BUDGET SUMMARY

The goals of the Office of Management and Budget are to:

Complete annual preparation of the Executive's CIP and Operating budgets;

Complete annual administration of the Capital and Operating budgets;

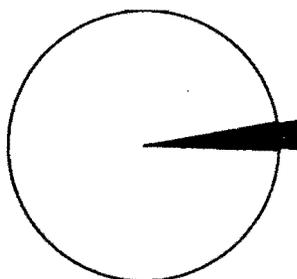
Carry out planning and evaluation activities effectively; and,

Contribute effectively to County management through special project assignments, recommendations on Executive policy, membership on standing committees, and other methods.

The Office is organized into the Director's Office, the Budgets Division, and the Interagency Analysis and Review Division. The Director's Office is responsible for developing the Department's annual work program and guiding the divisions in their program implementation. This Office includes the Administrative and Management Services Unit and the Planning and Evaluation Unit. The Budgets Division is responsible for developing budget guidelines, preparing the annual Operating Budget and Capital Improvements Program (CIP) for the County Government, and coordinating the overall preparation of the operating and capital budgets for all agencies. The Interagency Analysis and Review Division makes budget and CIP recommendations regarding other governmental units for which the County Executive must make expenditure and program recommendations.

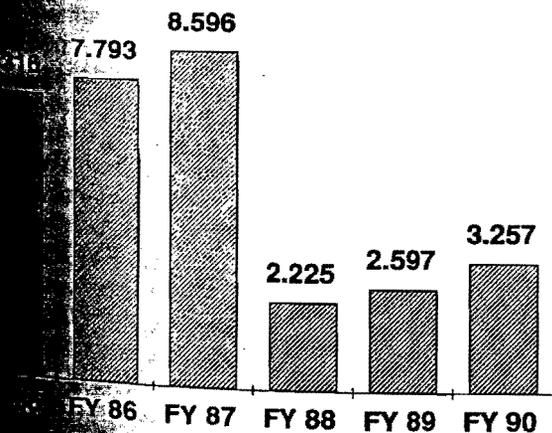
The total recommended gross FY 90 operating budget for the Office of Management and Budget is \$3,257,360, an increase of \$660,190 from the FY 89 approved budget of \$2,597,170. Personnel Costs comprise 80.6 percent of the budget for 47 full-time positions and three part-time positions (50.9 total WYs). Operating Expenses account for 17.2 percent and Capital Outlay for 2.2 percent of the operating budget.

### GENERAL GOVERNMENT

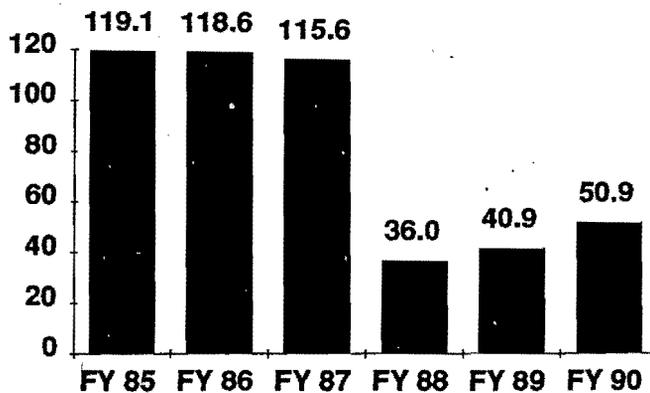


Management & Budget - 3.5%

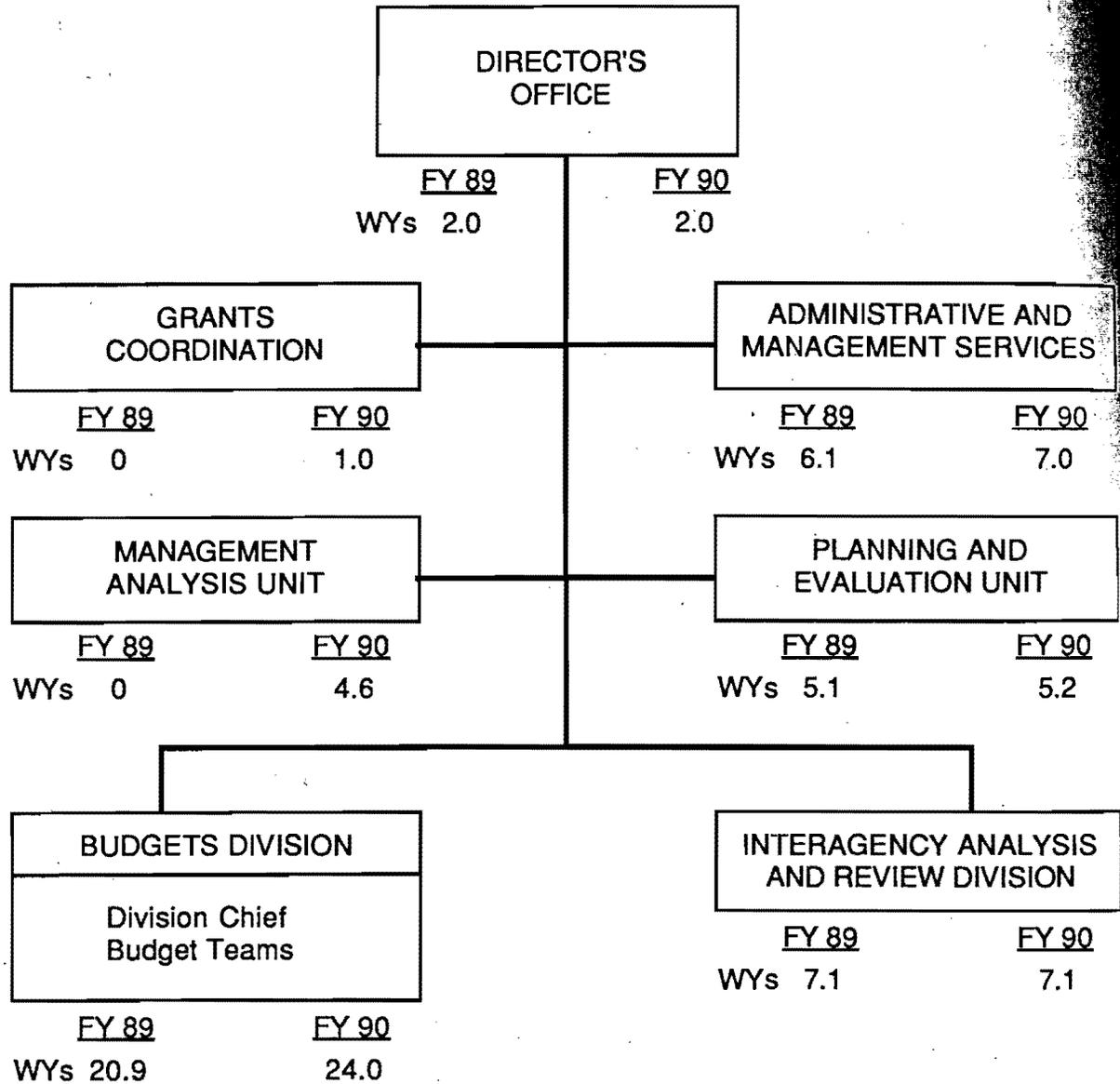
**EXPENDITURES (in millions)**



**WORKYEARS**



OFFICE OF MANAGEMENT AND BUDGET



RECOMMENDED FY 90

Full-time Positions: 47  
 Part-time Positions: 3  
 WYs: 50.9

OFFICE OF MANAGEMENT AND BUDGET - STATUS OF CURRENT PROGRAMS

**ITEM:** Improvements to Budget Process and Documents

**STATUS:** Major emphasis has been placed this year on reducing inefficiencies in the budget preparation process, improving the materials given to the Executive for decision-making, and improving the CIP and budget documents for use by the Council and the citizens. Last summer, an Applications Transfer Study was conducted to begin planning for an overhaul of the main information systems supporting the preparation of the operating budget. (Funds are recommended in the Management Systems Non-departmental Account for FY 90 to begin systems development.) A similar study is planned for late FY 89 regarding the CIP. In addition, a new mini-computer office system will be acquired in FY 89 that will increase the support provided to analysts. Desktop publishing is also being used this year to improve the quality of the printed Operating Budget. Staff reviews and outside consultants have been used this year to evaluate and change the processes used by departments to prepare submissions and by OMB to prepare decision packets and the final documents with greater quality and efficiency. Departments report less time was required this fall in the preparation of the CIP and Operating Budget submissions, and overtime by OMB, while still heavy, has been reduced from last winter. Additional changes will be made this spring and summer.

**ITEM:** Special Studies

**STATUS:** Through January 1989, OMB staff have participated in or provided leadership on analysis and policy formulation relating to the following: employee and citizen security at County facilities; mental health transport; commercial building permit "fast track" improvements; cellular phone use; elevators as elements in County building renovations; an up-County maintenance "service park" for DOT and other agencies; Police civil-ianization; Detention Center planning; public safety firing range implementation; medivac helipad development; motor pool rate setting; Rockville "core" space planning; eastern County government center planning in Fairland; renovation or relocation planning for the Bethesda police station; extension of school health personnel to all public schools by FY 91; resource recovery facility planning; support for the Crimi-

nal Justice Coordinating Commission; support for the Substance Abuse Coordinating Council; and various other issues or task forces.

**ITEM:** Reorganization Reviews

**STATUS:** To date this year, OMB has analyzed and provided recommendations on the following reorganization proposals: the Commission on the Structure of Government, the Office of Procurement, the Police Department, the Department of Fire/Rescue Services, the Board of License Commissioners, the Department of Recreation, and the Department of Social Services. Reorganizations pending in OMB for final review involve the Department of Corrections, the Department of Facilities and Services, and the Supervisors of Elections.

**ITEM:** Program Evaluation

**STATUS:** FY 89 program evaluation plans for Executive Branch departments, developed from departmental and other recommendations, have been compiled by OMB for approval by the Chief Administrative Officer. Preliminary FY 90 evaluation plans have also been collected during the FY 90 budget preparation process and will be submitted to the Chief Administrative Officer for approval before July 1, 1989. An Administrative Procedure for Program Evaluation has been approved and disseminated as guidance to Executive Branch departments and assistance is available for departments in the design, conduct, and funding of program evaluations. The evaluation "users" group will be reconvened in March as another means of coordinating the use and spread of program evaluation. Specific evaluations conducted by OMB staff include a study of the Publications and Graphics section of the Information Office and coordination of the design and initial work on an assessment of the Mobile Data Terminals in the Police Department, Sheriff's Office, and Fire and Rescue Services.

**ITEM:** Strategic Planning

**STATUS:** During the past year, staff supported the efforts of the Commission on the Future of Montgomery County as that body developed trends and recommendations for implementation into the next century. Current efforts include participation

OFFICE OF MANAGEMENT AND BUDGET - STATUS OF CURRENT PROGRAMS

in work of the Planning Policies Committee on the Annual Growth Policy and master plans, and the development of improved understanding of the benefits and costs of various kinds of land-use development; participation with other departments in master program plans (e.g., the Department of Addictions, Victims, and Mental Health); and coordination with the Department of Facilities and Services on improved facilities planning. OMB staff also contributed to the preparation of planning projection materials for the Executive/Council discussion of fiscal prospects last August 1st.

**ITEM:** Citizen Survey

**STATUS:** Preliminary work is underway leading to the surveying of citizen opinions in the Spring of 1989, as has been done every other year since 1985. The previous citizen opinion surveys yielded valuable information for assessment and planning of public programs and services.

**ITEM:** Procurement Activity Support

**STATUS:** Membership on the Contracts Review Committee has continued OMB's role in developing government procurement policy and ensuring the integrity and efficiency of the County's contracting processes. In addition, OMB staff coordinated the preparation of materials regarding the creation of a new principal Office of Procurement, proposed for implementation in FY 90.

**ITEM:** Collective Bargaining

**STATUS:** OMB staff provided analytical support to the labor relations team in collective bargaining with the International Association of Firefighters, leading to the County's first labor contract with this union. In addition, OMB supported special bargaining activity on retirement issues with Police and Local 400.

**ITEM:** Administrative Procedures (AP) and Fiscal Impact Statements

**STATUS:** Through January of this year, OMB has completed work on the following APs: AP Handicap Training and AP Grant Applications. Several other APs are currently being drafted or are

under final review. In addition, the staff has completed numerous fiscal impact analyses for local and State legislation under consideration by the County Council and the General Assembly.

**ITEM:** Volunteer Opportunities for Retired Professionals

**STATUS:** During the past year, this program has placed doctors, engineers, lawyers, and other senior managers/administrators as volunteers in numerous County departments and agencies. Examples of projects range from updating and revising training manuals for the County Detention Center to working with the Community Center of Schools to implement a cost system which maximizes revenue and facility usage. Approximately 45 volunteers currently are working on projects with County agencies.

**OFFICE OF MANAGEMENT AND BUDGET - MAJOR BUDGET CHANGES**

**SUMMARY OF MAJOR INITIATIVES**

- o To continue restructuring of the budget processes and documents for greater efficiency and improved quality.
- o To upgrade automated information systems with special emphasis on CIP changes and initial work on systems development of new mainframe Operating Budget systems.
- o To expand the government's emphasis on program and facilities planning.
- o To begin a new emphasis on grants acquisition and on the monitoring of intergovernmental agreements to be certain that the County receives all funds to which it is entitled.
- o To establish an expanded capacity for management analysis support for departments as recommended by the Commission on the Structure of Government.

**MAJOR CHANGES IN EXPENDITURE**

	\$	<u>WYs</u>
Add Management Analysis Unit	227,840	4.5
Add to Part-time Salaries/ Overtime	125,000	3.3
Add Management and Budget Specialist	52,050	1.0
Add Grants Acquisition Coordinator	52,050	1.0
Add Capital Outlay	<u>11,000</u>	<u>-</u>
<b>TOTAL</b>	<b>467,940</b>	<b>9.8</b>

**MAJOR CHANGES IN REVENUES**

	\$
Increase in intergovernmental assistance resulting from addition of Grants Acquisition Coordinator (revenue added to Miscellaneous Federal/State Grants)	52,050
<b>TOTAL</b>	<b>52,050</b>

**OFFICE OF MANAGEMENT AND BUDGET - BUDGET ISSUES**

**MAJOR CHANGES IN EXPENDITURES**

**ISSUE:** Management Analysis Unit

The Commission on the Structure of Government recommended:

That the County Executive and Chief Administrative Officer establish, either within the current structure or by proposing a new principal office, the capability to provide management/productivity evaluations of governmental units and to offer Department/Office Heads consulting advice and assistance in improving productivity and effectiveness.

Establishment of the Unit would provide the County with a formalized process for management/productivity reviews and recommendations currently available only through outside contracts with professional firms.

**RECOMMENDATION:** The Executive recommends the establishment of the Unit within OMB as a way of implementing the Commission's recommendation. The Management Analysis Unit would be staffed by persons with specialized management skills, and would examine departmental operations upon invitation by the departments or upon direction by the Executive or the Chief Administrative Officer, and the supervisor and analysts would not be involved in budget assignments.

**Fiscal Detail:**            FY 89 Base = \$0

	<u>FY 90</u>	<u>FY 91</u>
Personnel costs	173,140	199,630
Operating Expenses	10,700	10,700
Capital Outlay	44,000	0
<b>Total</b>	<b>227,840</b>	<b>210,330</b>
Positions	5	5
Workyears	4.5	5.0
<b>Funding Source:</b>		
General Fund	227,840	210,330

**IMPLEMENTATION SCHEDULE:** Establishment of the Management Analysis Unit would become effective by about September 1; all proposed positions are lapsed 0.1 work years for recruitment purposes.

**ISSUE:** Addition to Part-time Salaries/Overtime

The heavy workload of the Office, which has been a result of the restricted time period of the Capital Improvements Program and Operating Budget processes, has forced budget analysts to work extensive overtime and to accumulate a large amount of compensatory leave time. This leave has impeded the Office's ability to carry out its functions during the summer when numerous analysts are using their leave simultaneously.

**RECOMMENDATION:** The Executive recommends additional funds for part-time salaries and overtime to improve the efficiency of the office. This improvement will be achieved through better workload distribution and the enhanced capability of analysts to concentrate on more substantial job requirements.

**Fiscal Detail:**            FY 89 Base = \$46,130

	<u>FY 90</u>	<u>FY 91</u>
Personnel costs	125,000	129,375
Workyears	3.3	
<b>Funding Source:</b>		
General Fund	125,000	129,375

**ISSUE:** Management and Budget Specialist

As a result of the time constraints of the Operating Budget and Capital Improvements Program process, the Office of Management and Budget accumulates an extensive amount of overtime hours.

**RECOMMENDATION:** The Executive recommends an additional Management and Budget Specialist in order to absorb a portion of the workload and reduce the amount of overtime hours necessary to complete the requirements of the budget process.

**OFFICE OF MANAGEMENT AND BUDGET - BUDGET ISSUES**

<b>Fiscal Detail:</b>	<u>FY 89 Base = \$0</u>	
	<u>FY 90</u>	<u>FY 91</u>
Personnel Costs	43,250	44,760
Capital Outlay	8,800	0
<b>TOTAL</b>	<b>52,050</b>	<b>44,760</b>
Positions	1	1
Workyears	1.0	1.0
<b>Funding Source:</b>		
General Fund	52,050	44,760

**IMPLEMENTATION SCHEDULE:** Addition of the new analyst will become effective by July 1, 1989.

**ISSUE:** Grants Acquisition Coordinator

In FY 90, the County will face growing budgetary constraints as increasing government services compete for limited resources. One way to improve the amount of available funds is by increasing the level of intergovernmental assistance received. More aggressive pursuit of grants and other funds from intergovernmental sources will result in greater revenues to the County.

**RECOMMENDATION:** The Executive recommends the addition of a Grants Acquisition Coordinator to be assigned primarily to the aggressive search for additional Federal, State, or other non-County revenues. A part of the Coordinator's time would be devoted to an examination of the State's budget to increase the chances that additional funds could be obtained and Montgomery County's financial interests better served through timely applications, amendments to legislative bills, and other methods. In addition, this person would be responsible for keeping abreast of the funding allocated to other jurisdictions in order for Montgomery County to increase its allocation whenever possible. Finally, this position would be responsible for the tracking of revenues and working to ensure that the County actually receives the funds due to it from intergovernmental agreements.

It is expected that creation of this position would result in increased revenue from federal and

state grants. Therefore, it is anticipated that the cost of the position will be fully recovered and result in no net increase in County tax funding requirements.

<b>Fiscal Detail:</b>	<u>FY 89 Base = \$0</u>	
	<u>FY 90</u>	<u>FY 91</u>
Personnel Costs	43,250	44,760
Capital Outlay	8,800	0
<b>TOTAL</b>	<b>52,050</b>	<b>44,760</b>
Positions	1	1
Workyears	1.0	1.0
<b>Funding Source:</b>		
General Fund	52,050	44,760

**IMPLEMENTATION SCHEDULE:** Implementation of this new position will become effective July 1, 1989.

**ISSUE:** Capital Outlay

The Office of Management and Budget has recently completed its office automation process through the installation of personal computers and printers for analysts. In order to derive full benefit from this equipment and to maximize the efficiency and productivity gains resulting from automation, the purchase of auxiliary equipment is necessary.

**RECOMMENDATION:** The Executive recommends capital equipment funding in order to increase OMB efficiency and productivity. Capital equipment to be purchased would include computer stands to relieve space constraints, as well as desks, telephones, and side chairs for conference tables.

<b>Fiscal Detail:</b>	<u>FY 89 Base = \$0</u>	
	<u>FY 90</u>	<u>FY 91</u>
Capital Expenses	11,000	0
<b>Funding Source:</b>		
General Fund	11,000	0

**IMPLEMENTATION SCHEDULE:** Capital equipment would be purchased during FY 90.

OFFICE OF MANAGEMENT AND BUDGET - BUDGET ISSUES

**MAJOR CHANGES IN REVENUES**

ISSUE: Increase in Miscellaneous Federal/State Grants

The addition of a Grants Acquisition Coordinator to OMB staff will enhance the County's ability to raise additional revenues from non-County sources through more timely applications, tracking of State legislation, and other methods.

<b>Fiscal Detail:</b>	<u>FY 89 Base</u> = \$0		
		<u>FY 90</u>	<u>FY 91</u>
Increase	52,050	44,760	

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**OFFICE OF MANAGEMENT AND BUDGET - PERFORMANCE INDICATORS**

**BUDGETS**

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
<b>WORKLOAD</b>									
Operating budget sub- missions received:									
County departments	44	44	42	41	41	41	43	45	46
Other agencies	20	20	20	20	20	20	20	20	20
E-County agencies	3	3	3	3	3	3	3	3	3
Appropriation/budget accounts monitored	145	145	147	140	140	140	140	145	146
New CIP project proposals received	42	50	90	78	127	91	120	101	100
CIP projects carried forward	536	500	432	535	546	534	540	536	540
Operating budget adjust- ment requests received	530	530	488	450	500	356	360	442	510
<b>OUTPUT</b>									
Operating budget acct. recommendations prepared	104	107	147	140	140	140	140	145	146
CIP projects reviewed	578	560	512	613	673	625	648	641	640
CIP projects recommended for closeout/deletion	90	75	33	60	54	114	108	73	100
Appropriation changes recommended:									
Supplemental appropria- tions	47	50	63	54	60	60	50	50	65

**FISCAL IMPACTS**

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
<b>OUTPUT</b>									
Fiscal impacts requested for County legislation	NA	12	15	25	35	30	20	25	25
Reviews	NA	NA	64	50	75	85	63	65	70

**OFFICE OF MANAGEMENT AND BUDGET - PERFORMANCE INDICATORS**

**ADMINISTRATIVE PROCEDURES**

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
<b>WORKLOAD</b>								
Total # of County-wide admin. procedures	70	73	64	55*	59	62	64	69
<b>OUTPUT</b>								
Admin. procedures revised, updated and promulgated	25	8	5	6	8	6	4	10

\* Administrative procedures that were under the Purchasing section were rescinded from the County's administrative procedure manual and superceded by emergency procurement regulations.

**GRANTS**

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
<b>OUTPUT</b>									
Federal & State grant applications processed	75	64	70	65	69	63	67	79	80

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DEPARTMENT Office of Mgmt. and Budget	DIVISION Summary					
	ACTUAL PRIOR FY	ACTUAL LAST FY	BUDGET CURRENT FY	ESTIMATED CURRENT FY	RECOMMENDED NEXT FY	% CHANGE BUOGET/REC
<b>EXPENDITURE BY CATEGORY</b>						
Salaries And Wages	4,058,779	1,384,071	1,538,720	1,536,740	1,953,360	26.9
COLA (Salaries)	0	0	0	0	55,140	---
Fringe Benefits	1,183,872	373,796	464,620	463,560	601,420	29.4
COLA (Fringe)	0	0	0	0	14,240	---
<b>TOTAL PERSONAL SERVICES</b>	<b>\$ 5,242,651</b>	<b>\$ 1,757,867</b>	<b>\$ 2,003,340</b>	<b>\$ 2,000,300</b>	<b>\$ 2,624,160</b>	<b>30.9</b>
OPERATING EXPENSES	2,965,397	440,332	550,460	542,190	560,600	1.8
DEBT SERVICE (Special Fund)	0	0	0	0	0	---
CAPITAL OUTLAY	388,285	26,398	43,370	43,370	72,600	67.3
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,596,333</b>	<b>\$ 2,224,597</b>	<b>\$ 2,597,170</b>	<b>\$ 2,585,860</b>	<b>\$ 3,257,360</b>	<b>25.4</b>
COST APPROPRIATED IN GEN. FUND	0	0	0	0	0	---
<b>TOTAL PROGRAM COSTS</b>	<b>\$ 8,596,333</b>	<b>\$ 2,224,597</b>	<b>\$ 2,597,170</b>	<b>\$ 2,585,860</b>	<b>\$ 3,257,360</b>	<b>25.4</b>
<b>PERSONNEL:</b>						
Full-Time	117	38	40	40	47	17.5
Part-Time	11	1	2	2	3	50.0
Workyears	115.6	36.0	40.9	38.4	50.9	24.4
<b>EXPENDITURE BY DIVISION/ACTIVITY</b>						
<b>OFFICE OF THE DIRECTOR</b>						
Director's Office	\$ 184,597	\$ 150,540	\$ 142,270	\$ 141,830	\$ 154,520	8.6
Admin & Mgmt Services	587,173	384,453	503,430	501,860	619,430	23.0
Planning & Evaluation	327,850	201,984	243,490	242,730	281,430	15.5
Management Analysis	0	0	0	0	173,140	---
Public Coordination	0	0	0	0	43,250	---
<b>Total</b>	<b>\$ 1,099,620</b>	<b>\$ 736,977</b>	<b>\$ 889,190</b>	<b>\$ 886,420</b>	<b>\$ 1,271,770</b>	<b>43.0</b>
<b>PLANS</b>						
PLANS	\$ 1,147,901	\$ 1,171,871	\$ 1,335,360	\$ 1,329,470	\$ 1,588,290	18.9
<b>Total</b>	<b>\$ 1,147,901</b>	<b>\$ 1,171,871</b>	<b>\$ 1,335,360</b>	<b>\$ 1,329,470</b>	<b>\$ 1,588,290</b>	<b>18.9</b>
<b>AGENCY ANALYSIS &amp; REVIEW</b>						
Agency Analysis & Review	\$ 313,856	\$ 315,688	\$ 372,620	\$ 369,970	\$ 397,300	6.6
<b>Total</b>	<b>\$ 313,856</b>	<b>\$ 315,688</b>	<b>\$ 372,620</b>	<b>\$ 369,970</b>	<b>\$ 397,300</b>	<b>6.6</b>
<b>INFORMATION SYSTEMS</b>						
Director Chief	\$ 269,761	\$ 0	\$ 0	\$ 0	\$ 0	---
Information Center	302,158	0	0	0	0	---
Development	706,539	0	0	0	0	---
Information Services	933,898	0	0	0	0	---
<b>Total</b>	<b>\$ 2,212,356</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>---</b>
<b>OFFICE CENTER</b>						
Director Chief	\$ 356,001	\$ 0	\$ 0	\$ 0	\$ 0	---
Support	506,770	0	0	0	0	---

DEPARTMENT		DIVISION			
Office of Mgmt. and Budget		Summary			
	ACTUAL PRIOR FY	ACTUAL LAST FY	BUDGET CURRENT FY	ESTIMATED CURRENT FY	RECOMMENDED NEXT FY
<b>EXPENDITURE BY DIVISION/ACTIVITY (CONTINUED)</b>					
Data Control	310,553	0	0	0	0
Computer Operations	2,100,644	0	0	0	0
Operations Support	548,632	61	0	0	0
Subtotal	\$ 3,822,600	\$ 61	\$ 0	\$ 0	\$ 0
<b>TOTAL EXPENDITURE</b>	<b>\$ 8,596,333</b>	<b>\$ 2,224,597</b>	<b>\$ 2,597,170</b>	<b>\$ 2,585,860</b>	<b>\$ 3,257,360</b>
<b>PERSONNEL BY DIVISION/ACTIVITY</b>					
<b>OFFICE OF THE DIRECTOR</b>					
Director's Office					
Full-Time	2	2	2	2	2
Workyears	2.0	2.0	2.0	2.0	2.0
Admin & Mgmt Services					
Full-Time	5	6	6	6	7
Workyears	4.7	6.6	6.1	6.1	7.0
Planning & Evaluation					
Full-Time	9	5	5	5	5
Workyears	7.7	4.3	4.8	4.8	5.2
Management Analysis					
Full-Time	0	0	0	0	5
Workyears	0.0	0.0	0.0	0.0	4.6
Grants Coordination					
Full-Time	0	0	0	0	1
Workyears	0.0	0.0	0.0	0.0	1.0
Subtotal (Full-Time)	16	13	13	13	20
Subtotal (Part-Time)	0	0	0	0	0
Subtotal (Workyears)	14.4	12.9	12.9	12.9	19.8
<b>BUDGETS</b>					
Budgets					
Full-Time	17	19	20	20	20
Part-Time	1	1	2	2	3
Workyears	17.1	17.6	20.9	19.4	24.0
Subtotal (Full-Time)	17	19	20	20	20
Subtotal (Part-Time)	1	1	2	2	3
Subtotal (Workyears)	17.1	17.6	20.9	19.4	24.0
<b>INTERAGENCY ANALYSIS &amp; REVIEW</b>					
Analysis & Review					
Full-Time	6	6	7	7	7
Workyears	5.5	5.5	7.1	6.1	7.1
Subtotal (Full-Time)	6	6	7	7	7
Subtotal (Part-Time)	0	0	0	0	0
Subtotal (Workyears)	5.5	5.5	7.1	6.1	7.1

DEPARTMENT	Office of Mgmt. and Budget		DIVISION			
	ACTUAL PRIOR FY	ACTUAL LAST FY	BUDGET CURRENT FY	ESTIMATED CURRENT FY	RECOMMENDED NEXT FY	% CHANGE BUDGET/REC
PERSONNEL BY DIVISION/ACTIVITY (CONTINUED)						
DIVISION CODE NOT FOUND)						
Subtotal (Full-Time)	0	0	0	0	0	---
Subtotal (Part-Time)	0	0	0	0	0	---
Subtotal (Workyears)	0.0	0.0	0.0	0.0	0.0	---
MANAGEMENT SYSTEMS						
Division Chief						
Full-Time	5	0	0	0	0	0.0
Workyears	3.7	0.0	0.0	0.0	0.0	0.0
Computing Information Center						
Full-Time	8	0	0	0	0	0.0
Workyears	7.1	0.0	0.0	0.0	0.0	0.0
Systems Development						
Full-Time	13	0	0	0	0	0.0
Part-Time	3	0	0	0	0	0.0
Workyears	14.0	0.0	0.0	0.0	0.0	0.0
User Information Services						
Full-Time	18	0	0	0	0	0.0
Workyears	17.0	0.0	0.0	0.0	0.0	0.0
Subtotal (Full-Time)	44	0	0	0	0	---
Subtotal (Part-Time)	3	0	0	0	0	---
Subtotal (Workyears)	41.8	0.0	0.0	0.0	0.0	---
COMPUTER CENTER						
Division Chief						
Full-Time	3	0	0	0	0	0.0
Workyears	3.0	0.0	0.0	0.0	0.0	0.0
Technical Support						
Full-Time	11	0	0	0	0	0.0
Workyears	10.3	0.0	0.0	0.0	0.0	0.0
Data Control						
Full-Time	8	0	0	0	0	0.0
Part-Time	7	0	0	0	0	0.0
Workyears	12.0	0.0	0.0	0.0	0.0	0.0
Computer Operations						
Full-Time	12	0	0	0	0	0.0
Workyears	11.5	0.0	0.0	0.0	0.0	0.0
Subtotal (Full-Time)	34	0	0	0	0	---
Subtotal (Part-Time)	7	0	0	0	0	---
Subtotal (Workyears)	36.8	0.0	0.0	0.0	0.0	---
PERSONNEL (FULL-TIME)	117	38	40	40	47	17.5
PERSONNEL (PART-TIME)	11	1	2	2	3	50.0
PERSONNEL (WORKYEARS)	115.6	36.0	40.9	38.4	50.9	24.4
REVENUE SOURCES						
REVENUES OF THE DIRECTOR						
Revenues	\$ 1,099,620	\$ 736,977	\$ 889,190	\$ 886,420	\$ 1,271,770	43.0

DEPARTMENT		DIVISION			
Office of Mgmt. and Budget		Summary			
	ACTUAL PRIOR FY	ACTUAL LAST FY	BUDGET CURRENT FY	ESTIMATED CURRENT FY	RECOMMENDED NEXT FY
REVENUE SOURCES (CONTINUED)					
Subtotal	1,099,620	736,977	889,190	886,420	1,271,770
BUDGETS					
General Revenues	\$ 1,147,901	\$ 1,171,871	\$ 1,335,360	\$ 1,329,470	\$ 1,588,290
Subtotal	1,147,901	1,171,871	1,335,360	1,329,470	1,588,290
INTERAGENCY ANALYSIS & REVIEW					
General Revenues	\$ 313,856	\$ 315,688	\$ 372,620	\$ 369,970	\$ 397,300
Subtotal	313,856	315,688	372,620	369,970	397,300
MANAGEMENT SYSTEMS					
General Revenues	\$ 2,212,356	\$ 0	\$ 0	\$ 0	\$ 0
Subtotal	2,212,356	0	0	0	0
COMPUTER CENTER					
Computer Services Fund	\$ 3,822,522	\$ 61	\$ 0	\$ 0	\$ 0
Subtotal	3,822,522	61	0	0	0
TOTAL REVENUE	\$ 8,596,255	\$ 2,224,597	\$ 2,597,170	\$ 2,585,860	\$ 3,257,360

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