

# OFFICE OF MANAGEMENT AND BUDGET - 119

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## MISSION AND SERVICES

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**Mission** - The Office of Management and Budget provides financial planning and performance management to County agencies in order to ensure fiscal accountability and cost-effective use of service delivery resources.

**Core Services** -

- Financial planning, including the formulation, implementation and monitoring of the County's operating budget as well as the capital budget and the six-year Capital Improvement Program (CIP); grant and Economic Development Incentive Fund coordination; fiscal and economic analysis; and administration of the County's tax differential program
- Performance management, in conjunction with CountyStat, including analysis of agency operational data, business processes, policy, regional benchmarks, and national best practices

**Strategic Focus in FY 2015** -

The agency's top priorities in FY 2015 are:

- Maintain the County's General Fund fund balance at or above 7% of the General Fund budget by providing regular reporting to the Office of the County Executive in order to identify potential revenue shortfalls or agency overspending and take corrective action where appropriate
- Increase the percentage of programs in County Government's service delivery inventory with primary source data that is reported to a centralized warehouse

## FY 2015 BUDGET SUMMARY

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The FY 2015 approved budget for the Office of Management and Budget is \$2,491,700, an increase of \$1,700 or 0.1% over the FY 2014 budget.

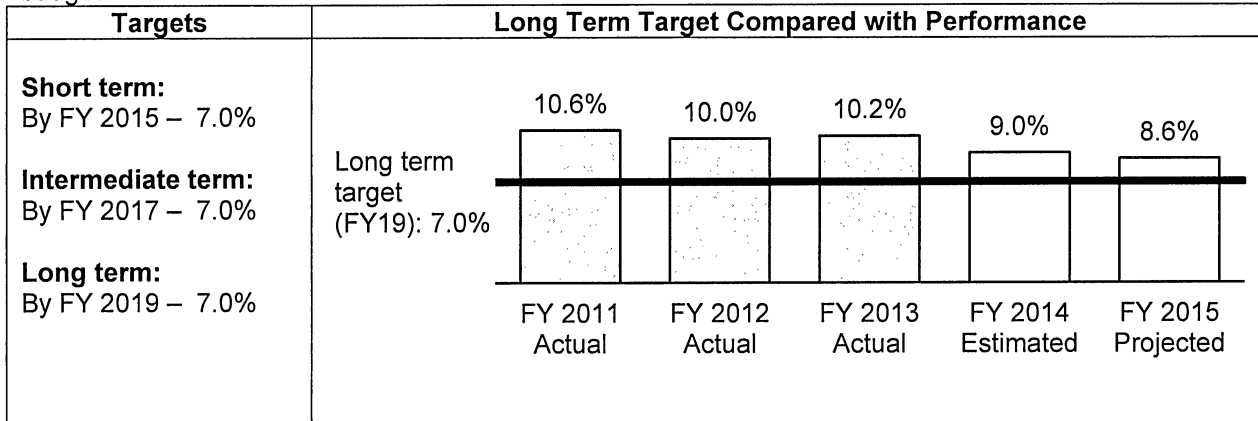
**Budgetary Changes –**

<b>FY 2014 BUDGET</b>	<b>\$2,490,000</b>
Increase in compensation for cost of living adjustments and reflects complement change	\$86,200
Reduction in office automation charges and other operating costs	(\$5,900)
Fringe benefit rate adjustment from 30.7% to 28.1% to align with actuals	(\$28,600)
Increase in staff recoveries due to the implementation of the County's Enterprise Resource Planning (ERP) project	(\$50,000)
<b>FY 2015 APPROVED BUDGET</b>	<b>\$2,491,700</b>

**SERVICE DELIVERY PLAN AND PERFORMANCE**

**GOAL 1** - To provide sound financial planning and monitoring of agency operations and expenditures in order to improve the fiscal health of County Government.

**Objective 1.1** - Maintain the County's General Fund fund balance at or above 7% of the General Fund budget.



**Trend and Analysis** - The percentage of total expenditures that reside in the County's fund balance is a critical indicator of County Government's fiscal well-being and sustainability as well as a significant factor in maintaining the County's AAA bond ratings. It also provides protection against financial risk due to the County's limited ability to generate revenue as a result of charter-mandated and state-imposed tax caps restrictions. The County's 5% charter-mandated restricted reserve and 2% policy-required committed operational reserve were established to mitigate the County's exposure to financial risks and provide reserves in the event of emergencies. The County has successfully kept its General Fund balance above 7% of its annual budget. However, the percentage has shown a decrease due to various one-time investments in recent years (such as allocating \$50 million to the Economic Development Incentive Fund to attract and retain businesses). The reserve level is estimated to decrease in FY 2014 and FY 2015 due to a structural imbalance arising from the limited revenue growth compared to the increase in service delivery costs, particularly personnel and fringe benefits based on collective bargaining agreements. Fund balances are achieved through prudent revenue forecasting, effective expenditure monitoring, and the application of sound fiscal policies (such as limiting use of fund balance to one-time nonrecurring expenditures). In FY 2015, the agency will focus on the implementation of the County's new enterprise resource planning (ERP) system, which is expected to help facilitate priority-focused and program-based budgeting. In addition, multi-year fiscal planning – including projections for operating and capital budget levels in future fiscal years – will be expanded in order to develop and execute a multi-year plan to address the structural imbalance.

## Performance Measures -

Measure Name	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimated	FY 2015 Projected
<b>Resources (input)</b>					
Number of operating budget analysts	9	7	6	5.5	6.5
<b>Workload, Demand and Production (output)</b>					
Amount of General Fund expenditures (in billions)	\$2.584	\$2.627	\$2.677	\$2.731	\$2.857
Number of position requests processed for all funds	1,950	1,832	1,685	1,225	1,200
Number of contracts processed for all funds	1,046	1,012	1,160	1,154	1,150
Number of travel requests received for all funds	331	390	433	497	430
<b>Quality</b>					
Recipient of Government Financial Officers Association Distinguished Budget Presentation Award	Yes	Yes	Yes	Yes	Yes
Percent variance of the General Fund budget and actual expenditures (negative numbers indicate overspending)	1.3%	0.9%	0.0%	-0.7%	0.0%
Percentage variance between actual and budgeted General Fund revenues	0.5%	1.5%	1.1%	-0.3%	0.0%
<b>Impact (outcome)</b>					
Percent of the General Fund budget that is in fund balance	10.6%	10.0%	10.2%	9.0%	8.6%

## Strategies to Accomplish the Objective -

- **Strategy 1.1.1** - Provide regular reporting to the Office of the County Executive in order to identify potential revenue shortfalls or agency overspending and take corrective action where appropriate
- **Strategy 1.1.2** - Develop and execute multi-year fiscal planning to achieve a restoration of structural balance between revenues and expenditures
- **Strategy 1.1.3** - Implement the new ERP system to improve fiscal and strategic planning, monitoring, analysis and decision- making

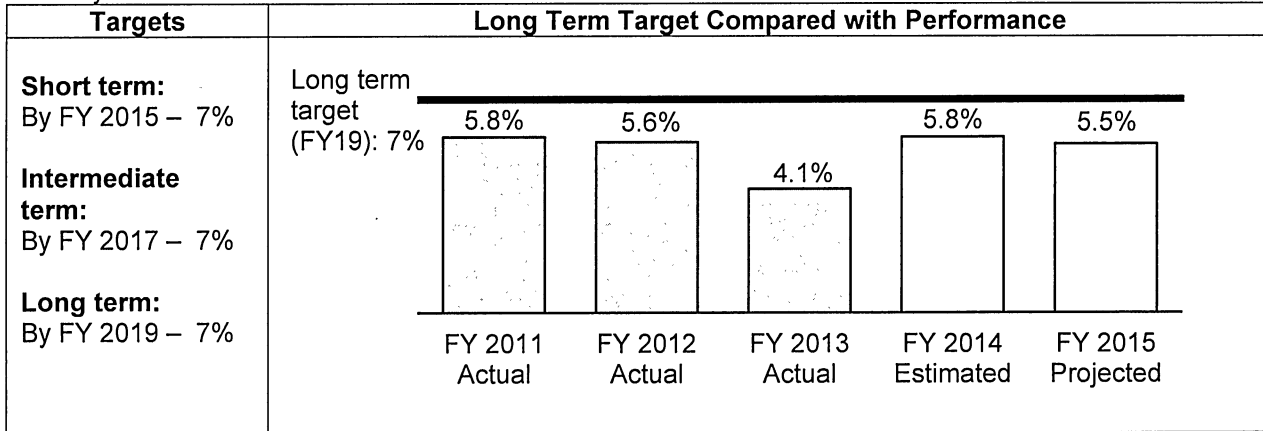
**Objective 1.2** - Reduce the time elapsed between notification of a grant award and grant set up in the County's financial system.

**Trend and Analysis** - This objective and its array of performance measures will be under development during FY 2015.

**Strategies to Accomplish the Objective -**

- **Strategy 1.2.1** - Provide regular grant utilization reports to the senior management of the Office of Management and Budget and the Office of the County Executive

**Objective 1.3** - Maintain the County's annual debt service payment at or below 8% of the General Fund County source revenues.



**Trend and Analysis** - The County's fiscal policy requires keeping the annual debt service payment below 8% of total General Fund County source revenues. This indicator currently stays below 8%, but has shown a trend of growing due to increasing general obligation bonds to finance CIP projects. In addition, debt service payments in FY 2013, FY 2014, and FY 2015 benefit from one-time bond premiums; otherwise, the amount would have been higher. The office will continue to use its internal 30-year debt model to monitor the County's debt affordability and prioritize CIP projects within a long-term strategic framework in collaboration with the Board of Education and County Government agencies.

## Performance Measures -

Measure Name	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimated	FY 2015 Projected
<b>Resources (input)</b>					
Number of capital budget analysts	2	2	1	1.5	1.5
Amount of General Fund County Source revenues (in billions)	1.545	1.602	1.611	1.561	1.610
<b>Workload, Demand and Production (output)</b>					
Number of capital projects authorized	138	143	155	150	159
Number of new capital projects	9	18	19	20	21
Number of projects supported by GO Bonds in budget year	52	64	63	65	111
Number of general obligation bond sales	1	1	1	0	2
Value of general obligation bond sales (\$ in millions)	\$94.5	\$98.6	\$354.2	\$0.0	\$400.0
<b>Impact (outcome)</b>					
Debt service expenditures (in millions)	\$89.1	\$89.9	\$65.6	\$90.2	\$88.8
Annual debt service as a percentage of General Fund County Source revenues	5.8%	5.6%	4.1%	5.8%	5.5%

## Strategies to Accomplish the Objective -

- **Strategy 1.3.1** - Enhance communications and reports with key stakeholders including the Board of Education, County Government agencies, and the Office of the County Executive on regular basis to identify and solve CIP issues promptly
- **Strategy 1.3.2** - Update and expand 30-year debt affordability models and share results with key stakeholders to establish long-term funding ceilings
- **Strategy 1.3.3** - Work with agencies to improve early planning and forecasting for different stages of CIP projects and reduce the need for supplemental appropriations

**GOAL 2** - To provide performance management (strategic planning, program evaluation, and data management) in order to improve the effectiveness and efficiency of service delivery.

**Objective 2.1** - Increase the percentage of programs in County Government's service delivery inventory with primary-source data that is reported to a centralized warehouse

**Trend and Analysis** - This objective is new for FY 2015, and an array of performance measures is currently under construction.

## Strategies to Accomplish the Objective -

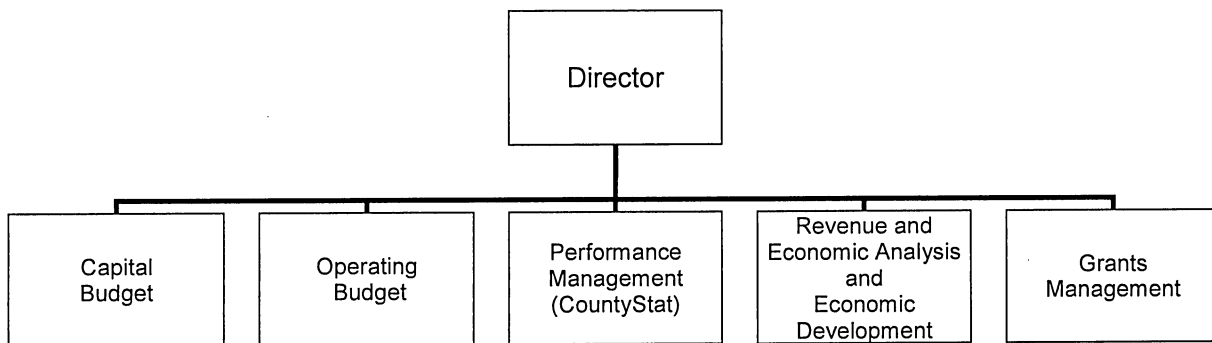
- **Strategy 2.1.1** - Develop and implement IT applications to streamline and automate data collection to achieve efficiency, and publish various performance information on-line to improve transparency and accountability
- **Strategy 2.1.2** – Utilize CountyStat sessions to provide decision makers the necessary information to make data-driven decisions on critical issues

- **Strategy 2.1.3** - Enhance organizational and departmental strategic planning and improve the integration between performance information and budget to help maximize the utility of limited funding for service effectiveness

**FY 2014 KEY ACCOMPLISHMENTS**

- Launched new budget review process that emphasized the prioritization of goals across multi-agency clusters; encouraged collaboration, resource sharing, and business process reform; to better align funding requests with County Government's strategic plan.
- Received Distinguished Budget Presentation Award from the Government Finance Officers Association, with special recognition for performance measurement (the only one among all jurisdictions in Maryland and the DC metropolitan area in 2013).
- Reinstated the production of six-year operating budget forecasts.
- Commenced ERP system implementation process.
- Provided fiscal planning and management practices that contributed to the retention of County's AAA bond rating.

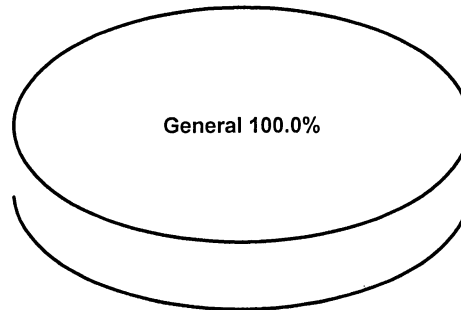
**ORGANIZATIONAL CHART**



	FY2013 ACTUAL	FY2014 BUDGET	FY2014 ESTIMATED	FY2015 APPROVED	CHANGE FY14-FY15
<b>TOTAL EXPENDITURES</b>	\$ 2,492,953	\$ 2,490,000	\$ 2,474,900	\$ 2,491,700	0.1%
<b>EXPENDITURE DETAIL</b>					
Budget & Management Analysis	2,730,296	2,768,800	2,710,700	2,820,500	1.9%
Recoveries	(237,343)	(278,800)	(235,800)	(328,800)	17.9%
<b>TOTAL</b>	<b>\$ 2,492,953</b>	<b>\$ 2,490,000</b>	<b>\$ 2,474,900</b>	<b>\$ 2,491,700</b>	<b>0.1%</b>
<b>SOURCES OF FUNDS</b>					
General Fund	\$ 2,492,953	\$ 2,490,000	\$ 2,474,900	\$ 2,491,700	0.1%
Other County Operating Funds:					
<b>TOTAL</b>	<b>\$ 2,492,953</b>	<b>\$ 2,490,000</b>	<b>\$ 2,474,900</b>	<b>\$ 2,491,700</b>	<b>0.1%</b>

**FY2015 SOURCES OF FUNDS**

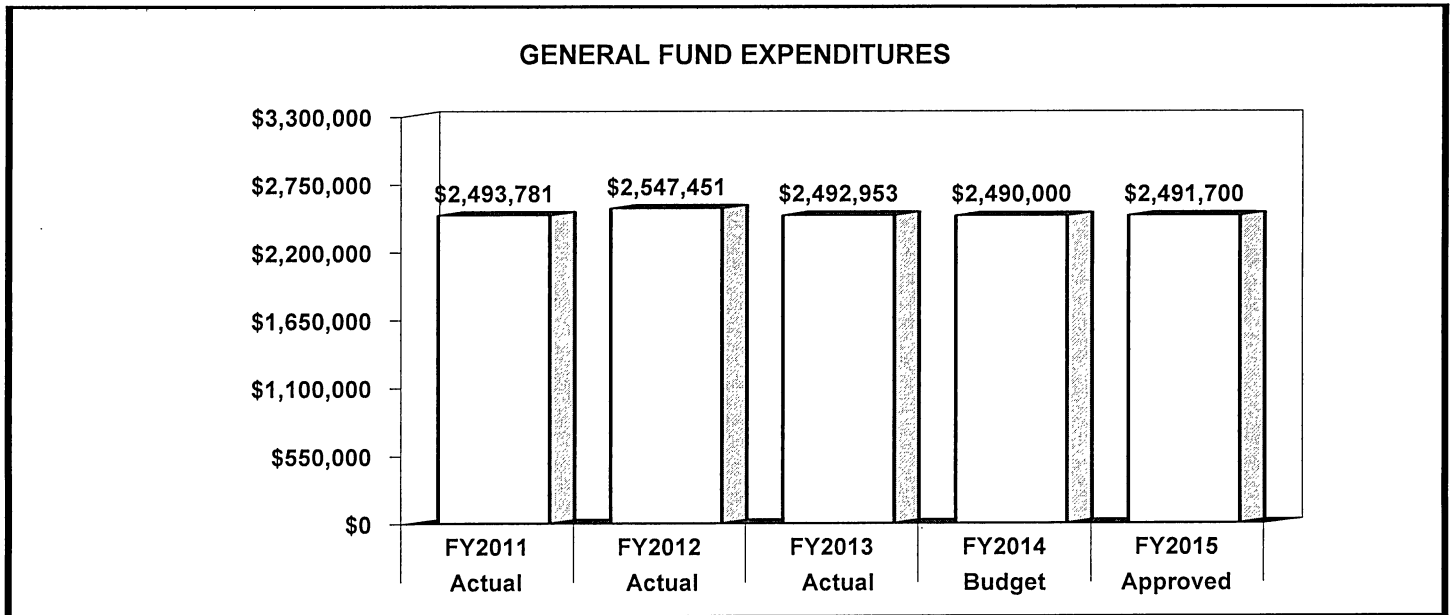
This agency's funding is derived solely from the County's General Fund. A small portion of costs are allocated to other sources through recoveries.



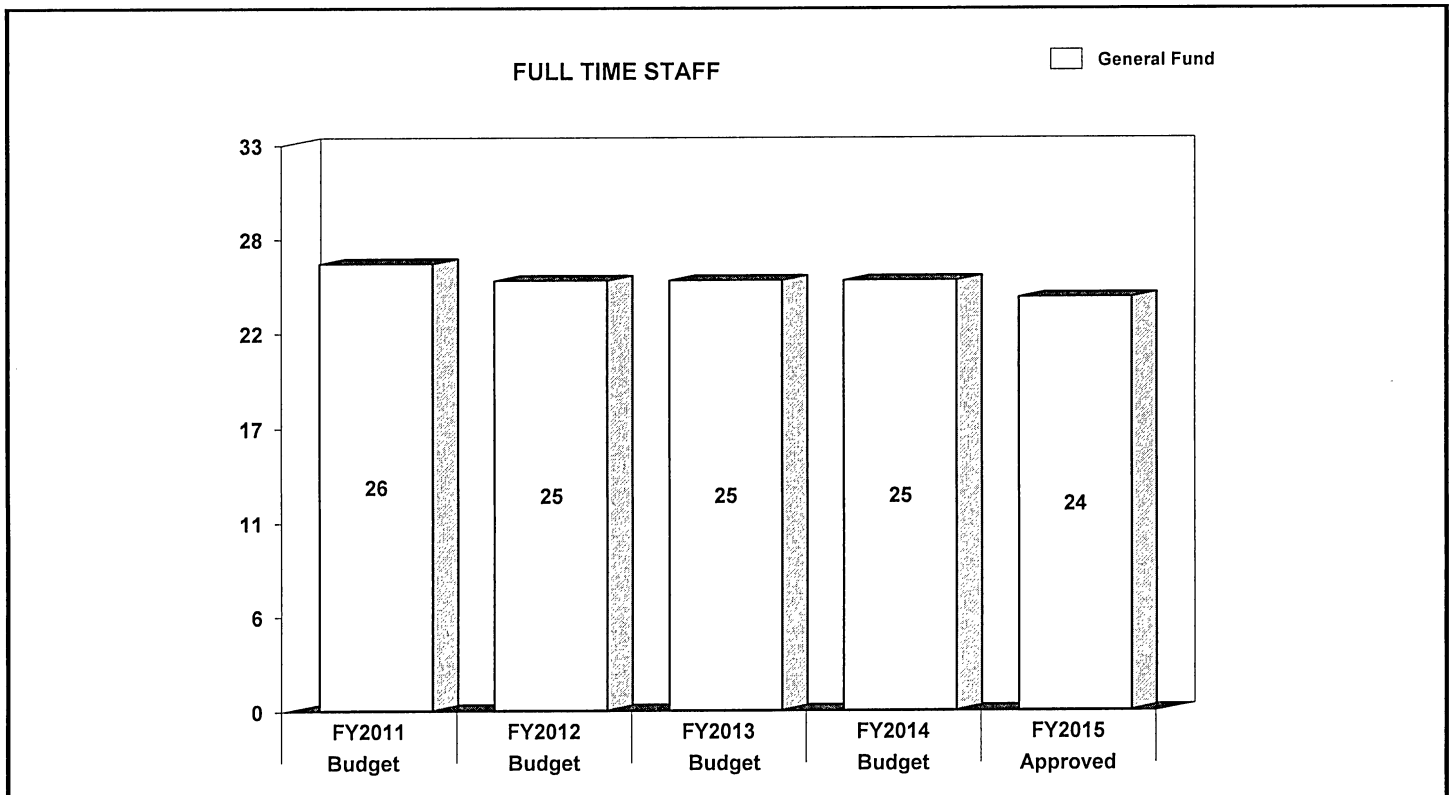
	FY2013 BUDGET	FY2014 BUDGET	FY2015 APPROVED	CHANGE FY14-FY15
<b>GENERAL FUND STAFF</b>				
Full Time - Civilian	25	25	24	(1)
Full Time - Sworn	0	0	0	0
Part Time	0	0	0	0
Limited Term	0	0	0	0
<b>OTHER STAFF</b>				
Full Time - Civilian				
Full Time - Sworn				
Part Time				
Limited Term Grant Funded				
<b>TOTAL</b>				
Full Time - Civilian	25	25	24	(1)
Full Time - Sworn	0	0	0	0
Part Time	0	0	0	0
Limited Term	0	0	0	0

POSITIONS BY CATEGORY	FULL TIME	PART TIME	LIMITED TERM
Director/Deputy	2	0	0
Managers	3	0	0
Budget/Management Analysts	15	0	0
Budget Aides	1	0	0
Administrative	3	0	0
<b>TOTAL</b>	<b>24</b>	<b>0</b>	<b>0</b>





The agency's expenditures decrease 0.03% from FY 2011 to FY 2013. This decrease was primarily driven by changes in the attrition rate. The FY 2015 approved budget is 0.1% more than the FY 2014 budget.



The agency's staffing complement decreased by one position from FY 2011 to FY 2014. The FY 2015 staffing totals decrease by one position from the FY 2014 budget.

	FY2013 ACTUAL	FY2014 BUDGET	FY2014 ESTIMATED	FY2015 APPROVED	CHANGE FY14-FY15
<b>EXPENDITURE SUMMARY</b>					
Compensation	\$ 1,986,780	\$ 1,994,900	\$ 1,973,400	\$ 2,081,100	4.3%
Fringe Benefits	574,244	612,500	575,900	583,900	-4.7%
Operating Expenses	169,272	161,400	161,400	155,500	-3.7%
Capital Outlay	0	0	0	0	0%
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	\$ 2,730,296	\$ 2,768,800	\$ 2,710,700	\$ 2,820,500	1.9%
Recoveries	(237,343)	(278,800)	(235,800)	(328,800)	17.9%
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<b>TOTAL</b>	<b>\$ 2,492,953</b>	<b>\$ 2,490,000</b>	<b>\$ 2,474,900</b>	<b>\$ 2,491,700</b>	<b>0.1%</b>
<b>STAFF</b>					
Full Time - Civilian	-	25	-	24	-4%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%

In FY 2015, compensation expenditures increase 4.3% over the FY 2014 budget due to cost of living adjustment and annualization of costs for vacancies filled in FY 2014. Compensation costs include funding for 24 full-time employees. Fringe benefits decrease 4.7% to align with actual costs.

Recoveries increase 17.9% to reflect staff allocations and related support for the scheduled go-live of Wave One of the Enterprise Resource Planning (ERP) Project. Wave One of SAP Project includes the County's core financials and procurement.

Operating expenses decrease 3.7% primarily due to a reduction in office automation charges and minor reductions made to operating and office supply costs.

MAJOR OPERATING EXPENDITURES FY2015	
Office Automation	\$ 113,200
Printing and Reproduction	\$ 22,700
Operating and Office Supplies	\$ 9,500
Telephones	\$ 4,700
Training	\$ 2,000

