Montgomery County Council

Committee: Directly to Council
Committee Review: N/A
Staff: Craig Howard, Deputy Director
Gene Smith, Legislative Analyst
Purpose: Receive briefing and discuss – no vote expected
Keywords: Revenues, Fiscal Plan

AGENDA ITEM #12
January 19, 2021
Briefing

SUBJECT

County Fiscal Update

EXPECTED ATTENDEES

Rich Madaleno, Chief Administrative Officer
Mike Coveyou, Director, Department of Finance (Finance)
Jennifer Bryant, Acting Director, Office of Management and Budget (OMB)
David Platt, Chief Economist, Finance
Chris Mullin, Budget Manager, OMB

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

The Council received an update from Executive staff on December 8, 2020. Given the timing of the update, the Council scheduled this update to provide time for additional Council staff analysis.

SUMMARY OF KEY DISCUSSION POINTS

- **The County is projected to have sizeable fiscal gaps in the remainder of FY21 and FY22 unless there are significant changes in revenues or expenditures, including federal funding.** Council staff estimates that the current FY21 gap is $143.4 million, and a potential FY22 gap of $90.7 million assuming no growth to the agency's budgets or reserve contributions. The Council anticipates receiving a Savings Plan from the Executive after the circulation of this report which recognizes that the County must identify additional savings in FY21 to close the gap.

- **County policies should drive fiscal decision making.** The Council should consider whether any fiscal policies need to be reviewed and updated in advance of the FY22 budget to provide guidance to the Executive and set expectations for the public.

    - **The County's reserve policy** is a key component of the County's long-term fiscal sustainability, as adequate reserves protect the County's critical expenditures during revenue shortfalls. The unanticipated revenue and expenditure pressures caused by the COVID-19 pandemic may not allow the County to meet its 10% target without a drastic reduction to critical services. As such, the Council may need to review the current policy, determine an appropriate reserve target for FY21 and FY22 given the ongoing pandemic, and create a plan to restore reserves over time.

  - **Other fiscal policies** provide parameters for both the operating and capital budget that are designed to help ensure fiscal strength over the long-term. Fiscal policies related to the capital budget, OPEB, compensation sustainability, and fund balances may need to be reviewed as part of the FY22 budget process to create short-term flexibility and/or ensure long-term sustainability.

- **Existing budget gaps provide caution for additional spending.** The County will likely have additional pandemic-related expenditure pressures in FY21 and possibly in FY22. Given the existing budget gap, additional appropriations will come out of the County's general fund reserves. As a result, caution is warranted for any additional spending until more is known regarding potential changes in resources, including Federal Emergency Management Agency (FEMA) reimbursement and additional federal funding.

- **Should existing budget gaps increase or not diminish significantly, the Council will need to be prepared with a multitude of options and strategies to address potential fiscal challenges both in the short- and long-term**. As the fiscal challenges caused by the pandemic are unlike prior crises, there are still a tremendous number of unknowns. As it did during the Great Recession, the Council needs to be prepared with different options and strategies to address these fiscal challenges both in the short-term and the long-term. To begin that process, Council staff has prepared an initial outline of options and strategies that the Council and Executive may need to consider depending on how the current challenges evolve.

<u>This report contains:</u>

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AGENDA ITEM #12
January 19, 2021
Discussion

M E M O R A N D U M

January 14, 2021

TO: County Council

FROM: Marlene Michaelson, Executive Director
Craig Howard, Deputy Director
Gene Smith, Legislative Analyst

SUBJECT: County Fiscal Update: Follow-Up

PURPOSE: Briefing and discussion, no action required

On December 8, the Council received a fiscal update from Executive Branch staff that provided a high-level overview of estimated FY21 revenue and expenditures to-date as well as updated projections for FY22 and beyond. At that session, the Council requested a follow-up session in January to review and discuss the fiscal update in more detail. A summary of key discussion points is included as part of the staff report cover page.

I. Fiscal Policies Should Drive Decision Making

The Council and the Executive worked collaboratively during the last recession to protect the County's fiscal health and to preserve the County's AAA bond rating. The Great Recession created significant revenue shortfalls for the County, like many other local jurisdictions nationwide. Due to the recession, the Council adopted a comprehensive resolution on reserve and select fiscal policies (see ©1-4). This resolution provided a blueprint to strengthen the County's fiscal health to lessen or avoid the impact from future recessions.

The Council's fiscal policies continue to provide a framework for its decision making each year. While amendments may be necessary, particularly during a crisis, it is important that these policies either be adhered to or adjusted but should not be ignored entirely. Below is a list of the policies.

- **Reserves.** The Council approved a policy to achieve 10% reserves based on the County's annual revenues. **Adequate reserves protect the County's critical expenditures during revenue shortfalls**. The policy required that the County achieve this policy goal by FY20, which the Council did when it budgeted approximately $536 million in reserves in FY20. The policy continues to require that the Council budget for 10% reserves each year. A memo summarizing the history of the County's reserve policy is attached at ©5-8.

- **Debt service.** The Council approves two fiscal policies related to the County's debt. Debt service expenditures are estimated at $434 million in FY21, or about 7.5% of the County's tax-supported budget. **Prudent fiscal policies that manage debt are important to ensure that the County's debt service expenditures remain affordable**. There are two policies that the Council considers for debt service, 1) setting the General Obligation (G.O.) bond limit through the spending affordability process; and 2) setting the pay-as-you-go funding (PAYGO) in the capital budget at 10% of the G.O. bond sale for that fiscal year.
- **Other Post-Employment Benefits (OPEB).** The Council approves contributions to the OPEB Trust Fund each year as part of the operating budget in addition to approving the annual pay-as-you-go funding for current retiree health care costs. By fully funding the OPEB Trust Fund, the Council can eliminate the pay-as-you-go contributions to OPEB in future years. The County's current fiscal policy includes an important OPEB milestone – to approve full funding of the annual actuarially determined OPEB pre-funding contribution – which was achieved in FY15. Prior to the pandemic, the GO Committee had begun reviewing potential updates to the County's OPEB policies.
- **Compensation Sustainability.** In December 2019, the Council approved a policy statement about how compensation cost sustainability is addressed in the Executive's recommended operating budget (see ©9-10). Specifically, to preserve long-term budget sustainability, the Council stated that the annual growth rate of total compensation costs (including all wage and benefit costs) should be similar to the annual growth rate of tax-supported revenues. If the rates differ, the Council asked the Executive to explain how increases in total compensation costs requested in the budget will be supported by revenues or reductions in expenditures.
- **Fund Balance Policies.** The Council approves fund balance policies for the County's special funds each year when it approves the operating budget. Most of these fund balances are set at 2.5% of the expenditures for those funds. Appropriate fund balances for special funds helps to avoid general fund transfers when revenues (usually fees) do not meet estimates when the budget is approved.

The County again faces a crisis due to the ongoing COVID-19 pandemic. This crisis has generated unique revenue and expenditure pressures for the County. While there are some parallels with the 2008 Great Recession, the County's fiscal health is in a stronger position to withstand this crisis than it was ten years ago. In particular, the Council's decision to ensure that the County's reserves were budgeted to the 10%-level for FY20 and FY21 is absorbing the current gap created by the increased expenditure and revenue pressures. In addition, the County received $183.3 million in Federal funding ("CRF") to fund pandemic-related expenditures during the crisis and is anticipating receiving some reimbursements from FEMA.

Like the last the recession, the Council and Executive will need to determine the appropriate actions to preserve the County's fiscal health and position it for success following the crisis. The Council's review, and if necessary, adjustments to its fiscal policies is an important element to providing guardrails as the County balances the FY21 budget and as it considers the FY22 budget.

II. The Council's Fiscal Plan

The County's fiscal plan is an important tool to understand the County's fiscal health for the current and future years. The Council approves a fiscal plan each year in June. See ©11-12 for the FY21-26 Fiscal Plan approved in June 2020 by the Council.

The County's fiscal plan provides a unique picture of the County's fiscal situation at a specific moment in time. The County's fiscal situation changes throughout the year as it: 1) revises revenues based on actual collection; 2) adds appropriations to address needs not included in the operating budget; and 3) finalizes the close out of the prior fiscal year. The fiscal plan is not updated for each of these changes. It is updated twice after the Council approves it in June - in December based on the revenue revisions and in March with the Executive's operating budget submittal.

The County's fiscal plan, as a tool, is best used in analyzing and understanding the County's fiscal health and its broader fiscal policy decisions. The fiscal plan can provide clarity about how the County's revenues and expenditures are aligned (or not aligned) during the six years. This information informs the Council's fiscal policy decisions related to items like compensation, debt service, or reserves. The fiscal plan is less useful in analyzing or informing detailed budgetary decisions regarding specific fund allocations.

The Council received an updated fiscal plan in December 2020 (the "December 2020 Update", see ©13-14). The December 2020 Update, however, included additional information not typically provided to the Council in December due to the ongoing pandemic and its fiscal impact. For the December 2020 Update, the Office of Management and Budget (OMB) included additional resources from Federal funding, both FEMA reimbursements and for the CRF funding, and an estimate for the County Government's FY21 expenditures based on an analysis of expenditures in quarter 1 of FY21.

The highlights from the December 2020 update were:

- Total **resources decreased by $101.4 million**, including $100.6 million less in tax-supported revenues than the approved FY21 Operating Budget.
- Montgomery County **expenditures increased by $194.0 million** based on spending in quarter 1 of FY21.
- OMB offset some of these expenditures by including $103.6 million in expected FEMA reimbursements and $86.0 million in CRF funding.
- The County's General Fund Reserve in FY21 is estimated to **decrease by $139.1 million** compared to the approved FY21 Operating Budget. This is due to expenditures exceeding revenues in both FY20 and FY21.

III. Defining the FY21 Gap

An important element of prior recessions was understanding the magnitude and reasons for the County's budget gap. This information provided the context to identify appropriate short-term and long-term decisions to balance the budget and restore the County's fiscal health. Council staff believes that defining the current gap provides an important baseline as the Council considers the FY21 and FY22 budget.

There are still many unknowns for the current crisis that make it difficult to accurately quantify the magnitude of the County's gap for FY21. Some of the current unknowns are: 1) the amount of Federal aid – either FEMA reimbursements or the potential for additional Federal assistance; 2) whether there will be additional revision (positive or negative) to County revenues due to the uneven economic impacts from the pandemic; and 3) the magnitude of additional expenditures needed to address the ongoing crisis.

The December 2020 Update estimated that the County's gap was approximately $106 million due to the decrease in estimated revenues and increase in expected expenditures. This value has changed since the Council review in December based on updated information presented below. The table below provides a brief explanation about these changes.

Revisions to the FY21 Fiscal Update

	December 2020 Update	Council staff Jan. 2021 Update
Resources	Reduce by $101.4 million	Reduce by $101.4 million
FEMA reimbursements	Add $103.6 million in revenues	Add $48.2 million as a potential expenditure offset
CRF funding	Offset expenditures by $86.0 million	Offset expenditures by $86.0 million
Agency Expenditures	Added $194 million to County Government based on Q1 analysis.	Added $219.9 million to County Government, includes Q1 analysis and an additional $25.9 million from approved appropriations
July Savings Plan	Not included in the fiscal plan	Reduced agency expenditures by $43.7 million

Note: Council staff's FEMA reimbursement assumption is based on submissions to date with a reimbursement rate of 75% for operating expenses and 0% for the pay differential.

The table below estimates the current FY21 gap based on these revisions. There are two important caveats regarding this estimate:

- **The gap is based on current data**. Any future adjustments will alter the gap, including: 1) additional Federal aid will lower the gap; 2) additional expenditures will increase the gap; and 3) additional revenue adjustments may increase or decrease the gap.

- **The County's reserves will currently absorb the current gap by taking the reserve below the targeted 10%**.

FY21 Gap Table
Changes from FY21 Approved Budget ($ millions)

	FY21
Resource Adjustments	+ 101.4
MCG Expenditures	+ 219.9
Federal offset (FEMA & CRF)	- 134.2
July Savings Plan	- 43.7
Total Gap	**143.4**
Estimated ending reserves	375.4
Reserve level	***7.1%***

Note: The reduction in resource estimates means additional resources are required to balance the budget, thus this value is positive.

The current estimated FY21 gap will be closed by using reserves. There is a limit to the County's reserves, so this gap-filling measure is helpful to a point. Any efforts to limit the gap in FY21 will lead to preserving some of the reserves for future need, in addition to limiting the time needed to replenish the reserves expended in FY21. The Council's fiscal policy states that this reserve level should be 10% for FY21 and beyond.

Contributions to reserves are an expenditure in the budget; therefore, additional resources will be needed to replenish any reserves used. **Additional resources are achieved by reducing expenditures and/or receiving additional revenues**. The table below details the additional resources required to meet certain reserve thresholds based on the current FY21 gap and different ending reserve levels.

FY21 – Reserve Scenarios ($ millions)

Reserve %	Estimated FY21 Gap	Additional Resources Needed	Total Resources Needed
10.0%	143.4	156.1	**299.5**
9.5%	143.4	129.5	**272.9**
9.0%	143.4	102.9	**246.3**
8.5%	143.4	76.4	**219.8**
8.0%	143.4	49.8	**193.2**
7.5%	143.4	23.2	**166.6**

The FY21 gap also creates additional pressure on the FY22 Operating Budget. The FY22 Operating Budget will begin with the remaining resources from FY21. Further adjustments to the FY21 gap will make the FY22 Operating Budget more (or less) constrained.

The December 2020 Update revised the current estimates for resource and expenditures in FY22. To illustrate the current state of the FY22 Operating Budget, Council staff highlights two hypothetical extremes as detailed below.

- Assuming no growth to the agency's budgets from FY21 and no contribution to reserves – **an estimated $90.7 million in additional resources are needed** to fully fund the budget (i.e., there is a gap). This gap exists because fixed costs related to debt service are greater than estimated revenues.
- Assuming an increase to agency budgets based on recent growth and full contributions to achieve the 10% reserve policy level – **an estimated $399.3 million in additional resources are needed** to fully fund the budget.

FY22 – Resources Needed ($ millions)

	No Growth, Do Not Fully Fund Reserves	**Recent Growth, Fully Fund Reserves**
Revenues	5,146.1	5146.1
Fiscal Policy Expenditures	609.6	864.7
Agency Expenditures	4,627.2	4680.7
Resources Needed	**90.7**	**399.3**
Estimated Reserves - Ending	284.7	539.9
% Reserves	5.3%	10.0%

IV. Fiscal Pressures or Relief

Absent additional resources or reduction in expenditures, the County's fiscal health is marginal as FY21 closes but becomes more constrained in FY22, even if the Council chooses not to meet its reserve policy goal. As stated previously, all the FY21 and FY22 gaps are subject to change based on any revisions that occur during the coming months. Council staff details the different ways the budget will face additional pressures or experience relief as the County finishes FY21 and begins FY22.

A. Revenue Pressures or Relief

The County's annual resources include about 75% in tax-supported revenues. Several of the County's taxes are volatile, including income tax, recordation/transfer tax, and the energy tax. This volatility creates uncertainty within the County's fiscal situation. Apart from setting property or income tax rates each year, the Council's role is limited to increase revenue estimates mid-year.

The table on the next page highlights certain tax revenues and the potential pressures or relief these taxes will place on the County's fiscal health due to the pandemic.

Tax	December 2020 Update	Potential Pressures	Potential Relief
Property	• Minimal change	• Increase in appeals by commercial properties. • Decrease demand in residential market.	• Sustained growth in 2021 assessments (current increase is 9.2%).
Income	• Reduced by $57.5 million	• Loss in jobs due to continued instability in economy. • Governor's proposal to eliminate tax on unemployment benefits. • Adjustments to capital gains by high-wealth households.	• Economic recovery and job growth. • Continued enhancement of unemployment benefits.
Recordation/ Transfer	• Reduced by $18.9 million	• Volatility in commercial property sales. • Decrease in commercial property values.	• Sustained activity in the residential market.
Hotel/Motel	• Reduced by $17.0 million	• Prolonged closure of certain economic activities. • Tepid return by businesses and individuals to "normal" activities.	• Rebound in "normal" economic activity.
Energy	• Reduced by $6.4 million	• Prolonged closure of office activities. • Continued volatility in energy usage.	• Rebound in "normal" economic activity.

In addition to taxes, Council staff notes other resource items that may add or relieve pressure for the FY21 budget.

Federal aid (potential relief). The CRF funding and the estimated FEMA reimbursements have reduced the FY21 gap. Additional federal funding in FY21, apart from FEMA reimbursements, could provide additional resources that may reduce the current gap. Any restrictions, however, placed on this federal aid may limit the flexibility the County's ability to backfill incurred expenditures.

Economic Development (potential pressure or relief). The County's economy, like the rest of the nation, is experiencing an uneven recession. Certain industry sectors have been and continue to be significantly impacted. The Council has supported these businesses through numerous appropriations during this pandemic. The continuation of suppressed economic activity will continue to place revenue pressures on the County's budget through lower taxes. The County's efforts to shield the local economy and support a strong recovery, particularly the resident workforce, will provide additional relief to future budgets and beyond.

B. Expenditures Pressures

Expenditure pressures occur when the County either spends more than planned or must meet an unexpected need, and expenditure relief occurs when the County realizes savings or approves reductions to spending. The County's reserves help to buffer the County from turbulent years by providing additional resources to draw from when either revenues are less than estimated or spending is more than planned. FY21 has seen a series of new expenditures to meet the needs of many of the County's residents and businesses during the pandemic.

Below are highlights about certain expenditure pressures that are impacting the FY21 budget.

Pandemic. The pandemic has resulted in many unplanned expenditures for the County. The Council approved more than $250 million in new appropriations to assist residents and businesses impacted by the pandemic. Much of this new funding has been offset by additional Federal aid through the CRF funding. It is unknown whether the County will receive additional Federal aid in 2021. Regardless, many of the new efforts by the County to address the pandemic may require ongoing support. This continued support will depend on use of the County's reserves or reduction in other expenditures in the absence of additional Federal aid.

Pay Differential. The County Executive negotiated a pay differential for all bargaining units at the start of the pandemic. These negotiated agreements included:

- An additional $10 per hour for all employees that directly working with the public.
- An additional $3 per hour for all employees that could not telework and had to report to an office to provide the programs/services but did not interact with the public.
- A continuation of the differential until the parties renegotiated new terms or until the Governor's State of Emergency for the pandemic was lifted.
- If an employee was required to work overtime, they were eligible for $15 per hour extra if they were front-facing or $4.5 per hour extra if they were back office.

To date, the pay differential has cost $77.7 million through 20 pay periods – projecting to an annualized cost of $101.0 million over 26 pay periods. **For comparison, the cost of the differential to date is 3.5 times greater than the $22.4 million FY21 cost of the negotiated agreements that the Council was unable to fund due to affordability constraints in May.** A comparative review of pay differential with other jurisdictions conducted by Council staff in October found that Montgomery County's differential was the highest among local jurisdictions.

The County applied for FEMA reimbursement for $31.2 million of the hazard pay on November 25 but has yet to receive a determination. Any pay differential not reimbursed by FEMA will need to come from a combination of the County's CRF funding and General Fund reserves.

COVID Hazard Pay Summary (including FICA) as of January 2, 2021

	Hours	Pay	Cost per Hour
Total			
Through 20 pay periods	7,789,692.22	$77,665,829	$9.97
Avg. per pay period	389,484.61	$3,883,291	$9.84
By Bargaining Unit			
IAFF	1,988,146.69	$22,923,845	$11.53*
FOP	1,376,612.46	$15,155,836	$11.01*
MCGEO	3,889,341.05	$35,824,863	$9.21
Non-Represented	535,592.02	$3,761,285	$7.02

*According to the Office of Management and Budget, the reason the cost per hour exceeds the hourly pay differential amount is due to overtime.

This ongoing expenditure item is placing additional pressure on the County's budget for FY21 and beyond. The December 2020 update included the expectation that this cost would continue through June 2021, adding $45 million (tax supported) in expenditures from January to June 2021.

For an individual employee, the pay differential is temporary and will not become part of their base salary. However, the differential amount can result in a substantial increase. Based on a standard 80-hour work week, an employee receiving the $10/hour front-facing differential could receive an additional $800 per pay period and an employee receiving the $3/hour back office differential could receive an additional $240 per period.

For an employee with an annual salary of $82,258 (the 2019 average annual salary for all County Government employees according the Office of Human Resources) a $800 per pay period differential represents a temporary pay increase of 25.2% if received for an entire year. A $240 per pay period differential for that same employee represents a temporary pay increase of 7.6% if received for an entire year.

Education. Both MCPS and Montgomery College have shifted their education models to continue their missions while meeting the new health guidelines. MCPS has implemented remote learning through most of FY21, with a possibility of returning to a hybrid model for some students before June. Any new expenditures that are not offset by Federal aid to assist these two institutions when students more fully return to the classroom will place additional pressures on the budget.

Special Funds. The County has numerous funds to support its programs and initiatives. Some of these funds are tax supported (e.g., Fire, Recreation, EDF). Tax supported funds, for the most part, do not have a fund balance or reserve that is necessary since the funding is interchangeable with the General Fund. There are also non-tax supported funds that rely on revenues generated within the fund. Some of these funds are particularly vulnerable from the impact of the pandemic. The funds most at risk are Community Use of Public Facilities (CUPF) and the Parking Lot Districts. Any shortfall in revenues will either require a reduction in service or a transfer from the General Fund (expenditure pressure) to maintain these funds' solvency and service delivery.

V. Expenditure and Revenue Options to Address Budget Gaps

As discussed above, there are still many variables (some known, some unknown) that may increase or decrease the gaps on either the revenue or expenditures side in FY21 and FY22. Given the nature of the pandemic and the possibility of continuing economic instability, the fiscal impacts may stretch into FY23 and beyond.

As it did during the Great Recession, the Council needs to be prepared with different options and strategies to address these fiscal challenges both in the short-term and the long-term. To begin that process, Council staff has prepared an initial outline of fiscal options and strategies that the Council and Executive may need to consider depending on how the current challenges evolve. None of these options are simple or without impact, and none are actions that the Council would want to take without careful deliberation.

However, one of the “lessons learned” from addressing fiscal challenges during the Great Recession is that having a menu of options and strategies in advance puts the Council and the Executive in the best position to act if needed and provides decision-makers with sufficient time to understand the pros and cons of each option.

This section is organized into expenditure options and revenue options. The items listed in each section are not an exhaustive list of all options, but they do provide an overview of the various levers available to the Council as part of its decision-making. These items focus on areas that can have a significant financial impact and/or have been reviewed by the Council in the past. Additionally, options in each area are not mutually exclusive and addressing fiscal challenges often includes a mix of fiscal policy, expenditure, and revenue solutions. **For all options listed below, further research and analysis would be required to estimate the short- or long-term savings.**

A. Expenditure Options

There are several options for reducing expenditure either in the short-term (typically via one-time fixes to address a current year problem) or in the long-term (to address ongoing fiscal sustainability). As the Council has discussed as part of its ongoing review of the cost of government, there are multiple factors leading to budget and fiscal pressure that are beyond the County’s control such as taxing authority, maintenance of effort requirements, debt service on bonds already issued, etc.

Factors within the County’s control, however, include the scope of County services, employee compensation and benefits, and workforce size. Government is a labor-intensive enterprise. Across the four County-funded agencies, employee compensation costs (consisting of salaries and wages as well as benefits) comprise around 80% of all agency operating expenditures. As such, the cost of government is driven by both the number of employees and the cost per employee and options to reduce expenditures focus heavily on personnel costs.

This section is divided into short and long-term options, with the understanding that the need to consider different options will depend on the specific problem (if any) that needs to be solved.

1. Short-Term Options

Savings Plan. A savings plan provides temporary, one-year savings to address a current year budget problem. For FY21, the Executive recommended, and the Council approved, a savings plan in July totaling $43.7 million in operating budget savings as well as $27.6 million in capital budget savings. On January 15, the Council anticipates receiving a second savings plan from the Executive. These savings plans help address the FY21 gaps caused by the pandemic, but do not address any potential gaps for FY22 and beyond.

Ending COVID Pay Differential. As detailed above, continuing the COVID pay differential for County Government employees through the end of the fiscal year is estimated to cost an additional $45 million in tax-supported expenditures. Ending the pay differential would immediately reduce the projected FY21 expenditure gap by $45 million.

Furloughs. Furloughs provide a temporary, one-time savings in personnel costs. For County Government, staff estimates each furlough day could achieve tax-supported savings of between $2.5-$3.0 million assuming it applies to all employees. Savings would increase if furloughs were implemented by other agencies as well. Montgomery County last implemented furloughs as a cost savings measures in FY11. At that time, the Council chose to implement progressive furloughs – requiring higher-paid employees to take more furlough days and lower-paid employees fewer.

2. Long-Term Options

a. Salaries/Wages

Since compensation costs are the dominant factor in the cost of providing County services, the long-term sustainability of County agency operating budgets is dependent upon maintaining a balance between compensation cost growth and revenue growth. Data from prior reviews of compensation costs indicate that wages and social security typically represent between 70-75% of the County Government's annual tax supported compensation costs.

Each year, the change in wage and social security costs is impacted by multiple factors including salary increases, change in workforce size, turnover, job promotions, position reclassifications, and overtime. Over the long-term, two cost drivers associated with salaries and wages have been general wage adjustments (GWAs) and annual service increments (also referred to as step increases). As a result, options to reduce the long-term cost curve for salaries and wages include changes to the structure of GWAs and/or service increments.

Changes to the salary structure fall under the authority of the governing body for each County agency, and salary and wage levels are included in all the collectively bargained agreements between agencies and employee unions.

Examples of options that the Council has reviewed or discussed in prior years are listed below. Specific savings estimates for individual options would require further research and analysis.

- Have GWAs take effect the beginning of the fiscal year to reflect the full annualized cost.

- Limit GWAs to the to the CPI increase for the prior 12-month period and/or a maximum cap to tie wage increases to inflation.
- Reduce the amount of annual service increments.
- Change the timing of service increments from annual to a different model.

b. Retirement/Pensions

Retirement and pension costs have been a historical driver of compensation costs, and the Council has examined retirement/pension costs in both County Government and MCPS as part of ongoing fiscal reviews.

The County Government provides three types of retirements plans, and County law outlines which employees are covered by which plans. As detailed in the staff report for the Council's review of FY21 compensation and benefit costs, a County Government employee that participates in the defined benefit plan has an average cost to the County ($14,783) that is more than double the cost for a participant in the defined contribution plan ($6,781) and more than three times greater than the cost per hybrid GRIP plan participant ($3,696).

All MCPS employees participate in a defined benefit plan, including those who participate in the State administered plan and those who participate in a locally funded and administered plan. In addition, all MCPS employees also receive a locally funded pension supplement. (See OLO Report 2016-5 for more details).

Changes to the structure of County Government retirement plans would require changes to County law, while changes to MCPS retirement plans would require changes to State law and/or Board of Education action (depending on the change).

Examples of options that the Council has reviewed or discussed in prior years are listed below. Specific savings estimates for individual options are would require further research and analysis, but prior estimates are included if known.

- Close the County Government's defined benefit plan and enroll all new employees in the defined contribution or GRIP plan.
- Close the County Government's defined benefit plan and enroll all new public safety employees in a newly created hybrid plan.
- Increase the minimum retirement age and years of service for new public safety employees in the County Government's defined benefit plan.
- Reduce MCPS pension supplement to the level specified in State law for all existing employees (future service) and new hires, with estimated savings of up to $6.1 million in the first fiscal year and up to $14.4 million per year in the long-term.
- Eliminate the MCPS pension supplement for all existing employees (future service) and new hires, with estimated savings of up to $10.3 million per year in the first fiscal year and up to $24.0 million per year in the long-term.

- Increase the MPCS employee contribution to the pension supplement from 0.5% to 0.7%, with estimated savings of up to $2.9 million in the first fiscal year and up to $6.2 million per year long-term.
- Create a defined contribution plan for locally funded MCPS retirement benefits.
- Integrate locally funded MCPS pension with social security.

c. Active Employee Group Insurance

Active employee group insurance has been a historical cost driver for the County but with varying trends. For example, between FY02 and FY11 the tax supported group insurance spending across the four agencies grew at 14.8% per year. More recently, growth has more moderate (4.4% per year between FY15-FY20).

In FY12, the Council made significant changes to active employee group insurance for County Government by changing the base cost share for HMO plans to 80/20 and changing the cost share for non-HMO plans to 75/25. These changes led to substantial long-term savings and helped the County maintain its fiscal position during the Great Recession. For several years, the Council has formally requested the Board of Education to align MCPS' cost share with that of County Government.

The structure of employee health benefits is not established in State or County law, and the authority for establishing the health care cost structure lies with the governing body of each agency. Health benefits are part of the collectively bargained agreements between the County agencies and their respective employee unions.

Examples of options that the Council has reviewed or discussed in prior years are listed below. Specific savings estimates for individual options are would require further research and analysis, but prior estimates are included if known.

- Align MCPS cost share with that of County Government, with estimated annualized savings of $25.0 million per year.
- Create higher cost share for employees that select Self+1 or Family coverage.
- Consolidate and coordinate health plan offerings and/or administration across County agencies.

d. Retiree Health (OPEB)

Retiree health benefits are a significant cost factor for Montgomery County agencies, and in FY21 account for $175.5 million in tax supported expenditures. Additionally, in FY18 and FY19, faced with unanticipated revenue shortfalls, the County did not meet its annual OPEB pre-funding obligations. OLO Report 2019-11, *Cost of Retiree Health Benefits (OPEB)*, identified a series of potential changes to retiree health benefits with potential long-term cost savings. While these changes focused on County Government, many could apply to other agencies as well. The authority to change retiree health benefits lies with the governing body of each agency.

Potential options included in OLO Report 2019-11 are listed below. Specific savings estimates for individual options would require further research and analysis.

- Reducing the County Government's minimum and maximum cost share arrangement by years of service to match MCPS
- Capping the County's cost share contribution at the amount for Self+1 coverage.
- Reducing the County's cost share for under age 65 retirees
- Requiring non-Medicare eligible retirees who are employed in jobs that offer health insurance to enroll in their current employer's health insurance plan
- Revising eligibility criteria such that a retiree only receives health benefits as a Medicare supplement
- Establishing a minimum age of 55 to be eligible to receive retiree health benefits
- Revising eligibility criteria such that health benefits for retirees are no longer available to a retiree's dependent
- Excluding retirees from adding to their health insurance new dependents who were not eligible for coverage at the time of retirement.
- Adjusting plan design features that affect the costs paid by retirees and the County
- Examining the feasibility of adopting a Retiree Healthcare Account/Private Exchange approach for Medicare-eligible retirees.

e. Workforce Size

Compensation costs are a function of two variables: cost per employee and number of employees. As a result, reducing the size of the workforce is an option for reducing future year personnel costs. Reductions in workforce size can be accomplished by increasing efficiency (i.e., being able to provide the same level of services with fewer people) or by reducing services (and therefore needing fewer employees). Options for addressing workforce size include:

- **Cost Efficiency Study Group.** As detailed in an August 6 letter from the then-Chief Administrative Officer (attached at ©15) the County Executive and MCGEO have convened a study group to "analyze existing government operations and consider alternate service delivery methods and organizational structures to better serve the residents of Montgomery County…The primary charge of the Study Group is to identify at least 100 vacant positions that can be abolished across various levels of County government without impacting service delivery." Eliminating vacant positions could lead to long-term cost savings if the net decrease in positions is maintained over time.
- **Reduction-in-force (layoffs).** Any reduction-in-force or layoffs would lead to both short and long-term savings (assuming the net decrease in positions is maintained over time) but would also lead to a reduction of services. Any layoffs of current employees have historically been viewed as the option of last resort by both the Council and the Executive.

B. Revenue Options – FY22 or beyond

Revenue options would not solve any immediate FY21 fiscal problems but could address gaps in FY22 and beyond. Generally, the County has very limited "tax room." The income tax rate is already set at the maximum permitted by the State, and the property tax has a new Charter Limit calculation but will still require nine affirmative votes to exceed it. On average, these two taxes combined are more than 85% of the County's total annual tax-supported revenues. This also means that the Council's consideration of any of the revenue options below will have varying magnitudes of benefit.

Property Taxes. Section 305 of the County Charter was amended in the November 2020 General Election. The new "Charter Limit" now allows the Council to set the same tax rate as the previous year by the affirmative vote of a majority of the Councilmembers. To exceed that rate, the County Charter still requires nine affirmative votes.

This change will allow the County's real property tax revenues to grow with the County's assessable base. As noted in the Revenue Pressure or Relief Section, one-third of the County's properties assessments increased on average by 9.2% for 2021 (or for FY22's budget). Absent any significant appeals, the County's revenues will benefit from this growth without the Council needing to raise the tax rate. Alternatively, a significant decrease in assessments will result in fewer revenues than the previous Charter Limit.

Real Property Tax Credits. The amendment to §305 of the County Charter alters the Council's considerations of the County's numerous real property tax credits. The prior Charter Limit calculation allowed for real property tax credits to be offset by slightly increasing the tax credits on the properties that did not receive the credit. This was a byproduct of the fact that the Council's decision point was setting the total real property tax revenues, not the tax rate.

The new Charter Limit calculation shifts the decision point to the tax rate. Any adjustments to the real property tax credits will either add or subtract revenues from the real property taxes. In FY20, the County administered 23 programs totaling approximately $204.1 million in real property tax credits. The largest program, by number of recipients and value of real property tax credits, is the Income Tax Offset Credit (ITOC) at approximately $168.5 million. This credit is currently set at $692 for each qualified property. The new Charter Limit calculation means a decrease in this credit will generate additional real property tax revenue for the County, while increasing the value will result in less revenues.

Energy Tax. This tax has separate commercial and residential rates based on the type of fuel. Tax on electric and natural gas consumption comprises most of the revenues generated by this tax. The County increased the energy tax following the Great Recession. This additional revenue was necessary to close the significant gap created by the recession. The flexibility of this tax continues to provide options for revenue generation should the need arise to close future gaps.

Recordation Taxes. There are three tiers to this tax: 1) General Fund; 2) School CIP; and 3) Premium, which supports General Government CIP and affordable housing. The Council considered a bill to adjust the recordation taxes during its approval of the Growth and Infrastructure Policy in 2020. The Council deferred its consideration of the bill to give more time to review the different scenarios. If the Council reconsiders this bill, it could evaluate different revenue options should additional general fund resources be required for FY22 and beyond.

Fees, Fines, etc. The Council sets many different fees and fines when it approves the budget each year. Adjustments to any fees and fines may aid in stabilizing special funds supported by these fees or generate additional revenue for the general fund.

Authority. The General Assembly introduced two bills last year that would provide additional authority to the Council when setting property tax rates or the income tax rate. The Council could reconsider its position on this additional authority to provide greater flexibility in targeting tax rates to raise additional revenue.

This packet contains:	Circle #
Resolution 17-312 – Reserves and select fiscal policies	©1
Memorandum on County's Reserves	©5
Memorandum on Compensation Sustainability	©9
Approved FY21-26 Fiscal Plan	©11
December 2020 Fiscal Plan Update	©13
Memorandum on Cost Efficiency Study Group	©15

Resolution No:	17-312
Introduced:	November 29, 2011
Adopted:	November 29, 2011

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Government Operations and Fiscal Policy Committee

SUBJECT: Reserve and Selected Fiscal Policies

Background

1. Fiscal policy corresponds to the combined practices of government with respect to revenues, expenditures, debt management, and reserves.

2. Fiscal policies provide guidance for good public practice in the planning of expenditures, revenues, and funding arrangements for public services. They provide a framework within which budget, tax, and fee decisions should be made. Fiscal policies provide guidance toward a balance between program expenditure requirements and available sources of revenue to fund them.

3. As a best practice, governments must maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning. Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate a government's continued creditworthiness.

4. In FY10, the County experienced an unprecedented $265 million decline in income tax revenues, and weathered extraordinary expenditure requirements associated with the H1N1 flu virus and successive and historic winter blizzards. The costs of these events totaled in excess of $60 million, only a portion of which was budgeted and planned for.

5. In a memorandum dated April 22, 2010, the County Executive recommended that the County Council restore reserves first to the current 6% policy level for FY11 and also revise and strengthen policy levels in order to more appropriately position the County to weather economic cycles in the future, and to achieve structural balance in future budgets.

6. The County's financial adviser recommended that the County strengthen its policy on reserves and other fiscal policies to ensure budget flexibility and structural stability, and provided specific recommendations, which are reflected below.

7. On June 29, 2010 the Council approved Resolution No. 16-1415, *Reserve and Selected Fiscal Policies.* This Resolution established a goal of achieving the Charter §310 maximum for the reserve in the General Fund of 5% of General Fund revenues in the preceding fiscal year, and of building up and maintaining the sum of Unrestricted General Fund Balance and Revenue Stabilization Fund Balance to 10% of Adjusted Governmental Revenues (AGR), as defined in the Revenue Stabilization Fund law.

8. The County's reserve policy should be further clarified and strengthened. This resolution replaces the reserve policy established in Resolution No. 16-1415.

Action

The County Council for Montgomery County, Maryland approves the following policies regarding reserve and selected fiscal matters:

1. *Structurally Balanced Budget*

Montgomery County must have a goal of a structurally balanced budget. Budgeted expenditures should not exceed projected recurring revenues plus recurring net transfers in minus the mandatory contribution to the required reserve for that fiscal year. Recurring revenues should fund recurring expenses. No deficit may be planned or incurred.

2. *Use of One-Time Revenues*

One-time revenues and revenues in excess of projections must be applied first to restoring reserves to policy levels or as required by law. If the County determines that reserves have been fully funded, then one-time revenues should be applied to non-recurring expenditures that are one-time in nature, PAYGO for the CIP in excess of the County's targeted goal, or unfunded liabilities. Priority consideration should be given to unfunded liabilities for retiree health benefits (OPEB) and pension benefits prefunding.

3. *PAYGO*

The County should allocate to the CIP each fiscal year as PAYGO at least 10% of the amount of general obligation bonds planned for issue that year.

4. *Fiscal Plan*

The County should adopt a fiscal plan that is structurally balanced, and that limits expenditures and other uses of resources to annually available revenues. The fiscal plan should also separately display reserves at policy levels, including additions to reserves to reach policy level goals.

5. *County Government Reserve*

(a) **County Government Reserve.** The County Government Reserve has three components. The components of the budgeted reserve at the end of the next fiscal year are:

(i) **Reserve in the General Fund**. The County's goal is that this reserve will be the maximum permitted by §310 of the Charter, which is 5% of revenues in the General Fund in the previous fiscal year;

(ii) **Reserve in the Revenue Stabilization Fund (RSF).** This budgeted reserve at the end of the next fiscal year is the reserve at the beginning of the year, plus interest on the fund balance, plus a mandatory transfer from the General Fund, as defined in the Revenue Stabilization Fund law, plus a discretionary transfer if the Council approves one. The actual amount of the mandatory transfer is calculated in accordance with §20-68 of the Montgomery County Code; and

(iii) **Reserve in the other tax supported funds in County Government.** The budgeted reserve at the end of the next fiscal year for the following funds – Fire, Mass Transit, Recreation, Urban District, Noise Abatement, Economic Development, and Debt Service – and any other tax supported County Government fund established after adoption of this resolution, should be the minimum reserve possible (as close as possible to zero, but not negative), since the Council sets the property tax rate to the nearest one tenth of 1¢.

(b) **Calculation of budgeted reserve as a percent of Adjusted Governmental Revenues.** The target reserve as a percent of Adjusted Governmental Revenues is the sum of the reserves in the General Fund and the Revenue Stabilization Fund divided by Adjusted Governmental Revenues, as defined in the Revenue Stabilization Fund law. The reserves in the other tax supported funds in County Government are not included in this calculation.

(c) **Budgeted reserve as a percent of Adjusted Governmental Revenues.** To reach the County's goal of 10% of AGR in 2020, the annual minimum target goals are:

FY13	6.4%
FY14	6.9%
FY15	7.4%
FY16	7.9%
FY17	8.4%
FY18	8.9%
FY19	9.4%
FY20 and after	10.0%

The Council may make a discretionary transfer each year from the General Fund to the Revenue Stabilization Fund, if necessary, to reach the target goal for each year. The 10% goal for FY20 and after must be reflected in the Revenue Stabilization Fund law.

6. *Reserves in other agencies*

The reserves for the Montgomery County Public Schools (MCPS), the Maryland-National Capital Park and Planning Commission (M-NCPPC), and Montgomery College (MC) are not included in the target reserves for County Government. The County's reserve policies for these agencies are:

(a) **MCPS**. The Council should not budget any reserve for the MCPS Current Fund.

(b) **M-NCPPC**. The reserve in the Park Fund should be approximately 4.0% of budgeted resources. The reserve in the Administration Fund should be approximately 3.0% of budgeted resources. The reserve in the Advance Land Acquisition Debt Service Fund should be the minimum reserve possible, since the Council sets the property tax rate to the nearest one tenth of 1¢.

(c) **Montgomery College**. The reserve in the Current Fund should be 3.0% - 5.0% of budgeted resources minus the annual contribution from the County. The target reserve in the Emergency Plant Maintenance and Repair Fund – as stated in Resolution No. 11-2292, approved by the Council on October 16, 1990 – "may accumulate up to $1,000,000 in unappropriated fund balance, such goal to be attained over a period of years, as fiscal conditions permit."

7. *Reports to Council*

The Executive must report to the Council:

(a) the prior year reserve and the current year reserve projection as part of the annual November/December fiscal plan update;
(b) current and projected reserve balance in the Executive's annual Recommended Operating Budget;
(c) any material changes expected to have a permanent impact on ending reserve fund balance; and
(d) current and projected reserve balances in any proposed mid-year savings plan.

This is a correct copy of Council action.

Linda M. Lauer

Linda M. Lauer, Clerk of the Council

M E M O R A N D U M

April 1, 2019

TO: County Council

FROM: Marlene Michaelson, Executive Director

SUBJECT: Reserve Policy

This memorandum summarizes the recommendation in the Executive's proposed FY20 budget regarding reserves and provides information on prior Council's decisions regarding the reserve policy. Reserve polices were established by resolution and law in 2010 and revised in 2011. (Prior to this time, reserve policy goals were included in the operating budget and fiscal plan.) Any change to those policies should only occur after careful consideration by the Council and Executive with accompanying changes to County law.

FY20 Budget

The Executive's FY20 budget proposes to use funds that would otherwise have been used for Other Post-Employment Benefits (OPEB) to fund contributions to the reserve in FY19 and FY20. He proposes to reduce the FY19 contribution to the OPEB Trust Fund by $89.6M (from 128.8M to 39.2M) through a Saving Plan submitted on March 15 for the Council's approval. The budget proposes to add $63.5M to the FY19 General Fund Undesignated Reserve (compared to the December fiscal update) and $5.8M to the FY20 General Fund Undesignated Reserve. If the Council supports the additional Saving Plan or identifies other sources of funding, the reserve would reach 9.7% reserve by the end of FY19 and 10.0% by the end of FY20. **Staff strongly supports the Executives recommendation to achieve the reserve targets consistent with County law and Council Resolution.** The Council should determine during its budget review whether redirected OPEB funds are the best way to achieve this goal.

Background on Reserve Policy Changes

Significant changes to the reserve policy were made in 2010 after the Great Recession led to precipitous declines in the reserve and negative reactions from the bond rating agencies. In FY10 the County experienced reductions in income and property tax revenues and state aid at the same time it experienced extraordinary expenditures associated with the H1N1 flu virus and successive and historic winter blizzards.

To balance the FY10 budget, the reserve target was reduced from 6% to 5% and reserves continued to fall during FY10.[1] The dire fiscal situation led then County Executive Leggett to propose two savings plans prior to his transmission of the FY11 budget and significant reductions and tax increases in the proposed budget. In April 2010, he recommended additional reductions just one month after submitting his March 15 budget. To balance the budget, the County increased the Fuel Energy tax and telephone tax, created an ambulance fee, shifted current revenue and pay-as-you-go financing (PAYGO) from the capital budget, eliminated general wage adjustments and step increases for all agencies and removed retiree health insurance pre-funding for all agencies. It also made very large reductions in agency spending: $125 million for County Government, $41 million for Montgomery County Public Schools (MCPS), $15 million for the College and $16 million for the Maryland-National Capital Park & Planning (M-NCPPC).

In April 2010 Moody's Investors Service placed the County on a watchlist for a possible ratings downgrade, citing the County's need to "stabilize and replenish reserve levels and to restore financial flexibility." Moody's action was based on the deterioration in the County's financial position, most notably a three-year decline in its Fund Balance. Stanford & Poor and Fitch also highlighted the County's weakened financial conditions and their credit concerns in written reports. **The Council's final action on the FY11 budget in May 2010 closed a budget gap of nearly $1 billion; the budget was the first in at least 40 years to show a decline from the previous year's budget.**

At the same time the County was working to close the gap in the FY11 budget, the County hired Public Financial Management, Inc. (PFM) to review the County's Fund Balance Policy, its Revenue Stabilization Fund (RSF) legal provisions and other related policies to determine if these policies were adequate and, if not, to suggest alternative policies for the County's consideration. PFM understood the challenge of recommending an appropriate Fund Balance policy that would be satisfactory to rating agencies, while not overstating the necessary level of reserves.

The Executive Summary of the PFM report appears on ©1-5. Their 4 key recommendations were as follows:

1. Act swiftly and decisively as part of the FY 2011 budget process to significantly restore target fund balance levels to the 5% General Fund Balance and 1% RSF balance.
2. Amend law with respect to the RSF provide for a mandatory contribution to the RSF (until the 10% target for the combined fund balances is achieved) and define Adjusted Governmental Fund Revenues.[2]
3. Establish and meet targets for the combined ending General Fund and RSF balance of 10% by FY 2020.
4. Strengthen its budget policy requiring the County to adopt a structurally balanced budget and to eliminate the ability to treat accumulated fund balance as revenue for the purpose of determining structural balance.

Recommendation 3 focused on the need to restore the General and RSF Fund balances in FY11 and to target and maintain a combined reserve balance equal to 10% of "Adjusted Governmental Fund Revenues" by 2020. Their recommended 10% fund balance was equal to approximately 36 days of revenues for all governmental funds. PFM believed this reserve level was appropriate since the one year drop in tax revenues experienced by the County in 2010 was equal to 16 days of Adjusted Governmental Fund

[1] By the end of FY10 the General Fund reserve was drawn down to $0 and the Revenue Stabilization Fund (RSF) to $74.9 million (a reduction of 40%).
[2] Adjusted Governmental Fund Revenues are defined in the PFM report as "revenues of all tax-supported County governmental and agency revenues, including operating grant and capital project revenues".

Balance. PFM further noted that the County had experienced a 20% drop in income tax revenue in a single year and this volatile revenue stream makes it very difficult to budget reliably and thus requires a larger fund balance that other governments with less volatile revenue streams.

The Council adopted a comprehensive resolution on reserve and select fiscal policies in June 2010, implementing the recommendations of PFM (see ©6-8). The resolution addresses building reserve levels to 10% of Adjusted Governmental Revenues by 2020, maintaining PAYGO at 10% of annual general obligation bond issuance, and other goals. At the same time the Council amended the County Code to make similar changes, indicating the importance of these goals and the need to more formally guide the actions of future Councils and Executives (see Bill 36-10 at ©9-16). Subsequently, all three rating agencies confirmed the County's AAA bond rating. The resolution was updated in November 2011 to further strengthen and clarify the portion of the resolution addressing reserves and establish annual goals to reach the 10% target (see ©17-20).

The County has held a AAA rating since 1973 and is currently one of a select number of local governments nationwide with a AAA rating from all three rating agencies. A memorandum from the Finance Department prepared in 2018 outlines in concrete terms the dollars-and-cents importance of maintaining the AAA rating, quite apart from its symbolic importance (see ©21-22).

Guidance on Reserve Policy

The County considers a range of factors in setting reserve policy, including the guidelines of the Government Finance Officers' Association (GFOA), the reserve levels of comparable highly-rated AAA jurisdictions, cash flow requirements and the volatility of revenues. GFOA "recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of **no less than two months** of regular general fund operating revenues or regular general fund operating expenditures." This is approximately 16% of revenues.

Moody's recommends the "available" fund balance to be **30% or more** of revenues (December 16, 2016 report of the Moody's Investor Service entitled Rating Methodology U.S. Local Government General Obligation Debt). The "available" fund balance is determined from financial reporting done as part of the Comprehensive Annual Financial Report (CAFR). Moody's uses these numbers as a basis for examining different jurisdictions in a comparable manner and does not use our definition of budgeted reserve. The available fund balance is larger than the budgeted reserve because it includes funds that have already been appropriated for future expenditures.

The comparison with other AAA jurisdictions indicates that in 2017 the County's **available** fund balance of **16.5%** was significantly less than the National AAA County Median (28.5%) and less than the Peer County Median of 23.5%. The County ranked 14th among the 20 counties with AAA ratings. Continued efforts to increase the reserve have had a positive impact and in 2018 the County had a **20%** available balance. While this was still less the National and Peer Median, it was measurably closer; the County tied for a rank of 13th out 20. Charts showing the available fund balances of other AAA counties in 2017 and 2018 appear on ©23-25.

Each jurisdiction has a different risk profile and its reserve policies should reflect those risks. The County Executive has previously indicated his intent to "complete a risk-based reserve study and adjust the General Fund reserve target based on the results to ensure that we can sustain basic services during emergencies and recessions" further noting that this analysis could lead to an increase or reduction from the current level. Staff welcomes this analysis but believes it must be done carefully and with the input of financial experts who understand how rating agencies evaluate reserves. The time needed to do this properly suggests it should be done after the adoption of the FY20 budget.

Other Factors Impacting Bond Ratings

While fund balance is only one of several factors considered in establishing a jurisdiction's bond rating, it is arguably the most important credit factor that a rating analyst considers. The factors used by Moody's are shown on ©26 and include Economy/ Tax Base, Finances (including fund balance and fund balance trend), Management, and Debt/Pensions. The County's rating is bolstered by a strong economy, tax base, management and pension policies. Fund balance, however, was the focus of prior rating agency concerns due to the fact that the County's current fund balance level remains below both national and peer medians for other AAA-rated credits. In addition, while the County currently remains under its self-imposed policy of 10% of Adjusted Governmental Revenues, it has communicated to the rating agencies (since establishment of this policy in 2010) that it would meet this benchmark by FY20. The proposed budget (assuming adoption of the Savings Plan or another funding source) would achieve that objective.

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MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

December 19, 2019

TO: Marc Elrich
County Executive

FROM: Sidney A. Katz
Council President SAK

SUBJECT: Employee Compensation – Council Policy Statement

County residents are exceptionally well-served by the dedicated employees of the County Government. The County Council is committed to assuring that employees are fairly compensated for their hard work. During the difficult fiscal conditions of FY11 through FY13, County Government employees received no pay increases because of two contributing factors: (a) County revenues declined; and (b) in the previous years, County Government spending had increased at rate that well exceeded revenue growth. Had the County expenditures grown at a more sustainable rate prior to FY10, additional resources would have been available to award some employee pay raises even when revenues dipped during the recession.

It is in the interest of both employees and taxpayers for the County to adopt policies that help us weather economic challenges and avoid large year-to-year swings in County spending. As compensation costs are the dominant factor in County spending, long-term budget stability and sustainability is dependent upon maintaining a balance between compensation cost growth and revenue growth. When the rate compensation growth significantly outpaces the rate of revenue growth, it becomes ever more difficult to sustain the level of government services expected by our residents.

In considering the FY20 operating budget last spring, the Council raised concerns about the long-term sustainability of your recommended employee compensation cost increases. With that in mind, we asked you to renegotiate some bargaining unit agreements. At that time, the Council further indicated its intent to develop a policy statement on compensation cost sustainability.

STELLA B. WERNER COUNCIL OFFICE BUILDING • 100 MARYLAND AVENUE • ROCKVILLE, MARYLAND 20850
240/777-7900 • TTY 240/777-7914 • FAX 240/777-7989
WWW.MONTGOMERYCOUNTYMD.GOV

Last week, the Department of Finance informed us that FY21 revenue projections currently are well below those anticipated just five months ago. The latest revenue projections once again raise concerns about the sustainability of County spending and prompted the Council to approve the following policy statement:

> **As a means to preserve long-term budget sustainability, the annual growth rate of total compensation costs (including all wage and benefit costs) should be similar to the annual growth rate of tax-supported revenues. In submitting a recommended annual operating budget, the Executive should indicate how recommended compensation cost increases compare with projected rates of revenue growth. Should recommended compensation cost increases exceed the projected one-year or six-year rate of revenue growth, then the Executive should provide a written explanation of: (a) how operating budget resources are re-allocated to pay for total compensation costs; and (b) how the recommended rate of compensation cost growth can be sustained over time.**

The County Council looks forward to working with you to craft an FY21 operating budget that responds to the needs of the community and our employees while also demonstrating fiscal responsibility. When Council reviews your operating budget recommendations this upcoming spring, we intend to assess the long-term sustainability of compensation costs consistent with the above policy statement.

cc: Councilmembers
Confidential Aides
Berke Attila
Richard Madaleno
Chris Cihlar
Marlene Michaelson

County Council Approved FY21-26 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

#		App. FY20	Est. FY20	% Chg. FY20-21	App. FY21	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26
		5-23-19		App/App	5-21-20										
	Total Revenues														
1	Property Tax	1,836.8	1,793.3	-0.3%	1,830.8	3.0%	1,886.4	2.3%	1,930.0	2.3%	1,974.3	2.3%	2,020.4	2.3%	2,067.3
2	Income Tax	1,640.3	1,720.5	3.4%	1,695.4	4.0%	1,763.4	4.6%	1,844.3	5.1%	1,938.8	4.2%	2,020.6	3.8%	2,096.9
3	Transfer/Recordation Tax	182.8	172.6	-0.6%	181.6	5.3%	191.2	5.8%	202.4	5.6%	213.8	5.9%	226.4	6.2%	240.4
4	Other Taxes	283.2	273.7	-3.4%	273.6	0.1%	273.9	0.1%	274.2	0.1%	274.4	0.1%	274.5	0.0%	274.6
5	Other Revenues	1,152.8	1,145.7	2.1%	1,177.4	0.2%	1,180.3	0.3%	1,183.5	0.3%	1,186.7	0.3%	1,189.9	0.3%	1,193.2
6	**Total Revenues**	**5,095.9**	**5,105.8**	**1.2%**	**5,158.7**	**2.6%**	**5,295.3**	**2.6%**	**5,434.4**	**2.8%**	**5,588.0**	**2.6%**	**5,731.8**	**2.5%**	**5,872.5**
7															
8	**Net Transfers In (Out)**	**16.1**	**10.8**	**54.9%**	**24.9**	**-41.3%**	**14.6**	**1.6%**	**14.9**	**1.6%**	**15.1**	**1.6%**	**15.3**	**1.5%**	**15.6**
9	**Total Revenues and Transfers Available**	**5,112.0**	**5,116.7**	**1.4%**	**5,183.6**	**2.4%**	**5,309.9**	**2.6%**	**5,449.2**	**2.8%**	**5,603.1**	**2.6%**	**5,747.2**	**2.5%**	**5,888.1**
10															
11	**Non-Operating Budget Use of Revenues**														
12	Debt Service	430.0	421.8	-1.7%	422.5	4.5%	441.5	3.4%	456.7	0.0%	456.8	2.8%	469.4	0.9%	473.8
13	PAYGO	32.0	32.0	0.0%	32.0	-3.1%	31.0	-3.2%	30.0	-3.3%	29.0	-3.4%	28.0	-3.6%	27.0
14	CIP Current Revenue	33.5	39.5	97.0%	65.9	17.5%	77.4	23.1%	95.3	-3.4%	92.1	-20.7%	73.1	3.8%	75.8
15	Change in Other Reserves	-19.6	-24.2	101.2%	0.2	34.6%	0.3	-44.0%	0.2	5.2%	0.2	4.0%	0.2	0.2%	0.2
16	Contribution to General Fund Undesignated Reserves	8.1	50.8	-11.0%	7.2	128.1%	16.5	-64.6%	5.9	5.2%	6.2	11.6%	6.9	-7.6%	6.4
17	Contribution to Revenue Stabilization Reserves	23.1	40.6	-62.9%	8.6	-216.5%	-10.0	158.0%	5.8	60.3%	9.3	-3.2%	9.0	14.4%	10.3
18	Set Aside for other uses (supplemental appropriations)	1.9	0.0	254.5%	6.8	194.1%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
19	**Total Other Uses of Resources**	**509.0**	**560.5**	**6.7%**	**543.3**	**6.2%**	**576.8**	**6.4%**	**613.9**	**-0.1%**	**613.5**	**-1.1%**	**606.5**	**1.1%**	**613.5**
20	**Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)**	**4,603.0**	**4,556.2**	**0.8%**	**4,640.3**	**2.0%**	**4,733.1**	**2.2%**	**4,835.4**	**3.2%**	**4,989.6**	**3.0%**	**5,140.6**	**2.6%**	**5,274.6**
21															
22	**Agency Uses**														
23															
24	Montgomery County Public Schools (MCPS)	2,514.3	2,480.8	1.9%	2,562.4										
25	Montgomery College (MC)	265.5	256.4	1.3%	268.9										
26	MNCPPC (w/o Debt Service)	132.4	132.7	3.6%	137.2										
27	MCG	1,690.8	1,686.3	-1.1%	1,671.9										
28	**Agency Uses**	**4,603.0**	**4,556.2**	**0.8%**	**4,640.3**	**2.0%**	**4,733.1**	**2.2%**	**4,835.4**	**3.2%**	**4,989.6**	**3.0%**	**5,140.6**	**2.6%**	**5,274.6**
29	**Total Uses**	**5,112.0**	**5,116.7**	**1.4%**	**5,183.6**	**2.4%**	**5,309.9**	**2.6%**	**5,449.2**	**2.8%**	**5,603.1**	**2.6%**	**5,747.2**	**2.5%**	**5,888.1**
30	**(Gap)/Available**	**0.0**	**0.0**		**0.0**		**0.0**		**0.0**		**0.0**		**0.0**		**0.0**

Assumptions:

1. Property taxes are at the Charter Limit with a $692 credit. Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target.
3. PAYGO, debt service, and current revenue reflect the Approved FY21-26 Capital Improvements Program.
4. State Aid, including MCPS and Montgomery College, is not projected to increase from FY21-26.

County Council Approved FY21-26 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

		App. FY20	Est. FY20	% Chg. FY20-21	App. FY21	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26
31	**Beginning Reserves**														
32	**Unrestricted General Fund**	164.2	103.3	-6.1%	154.1	4.7%	161.4	10.2%	177.9	3.3%	183.8	3.4%	190.0	3.6%	196.8
33	**Revenue Stabilization Fund**	340.8	341.5	12.1%	382.2	2.2%	390.8	-2.6%	380.8	1.5%	386.6	2.4%	395.9	2.3%	404.9
34	**Total Reserves**	505.0	444.9	6.2%	536.3	3.0%	552.1	1.2%	558.7	2.1%	570.3	2.7%	585.8	2.7%	601.7
35															
36	**Additions to Reserves**														
37	**Unrestricted General Fund**	8.1	50.8	-11.0%	7.2	128.1%	16.5	-64.6%	5.9	5.2%	6.2	11.6%	6.9	-7.6%	6.4
38	**Revenue Stabilization Fund**	23.1	40.6	-62.9%	8.6	-216.5%	-10.0	158.0%	5.8	60.3%	9.3	-3.2%	9.0	14.4%	10.3
39	**Total Change in Reserves**	31.3	91.5	-49.4%	15.8	-58.7%	6.5	78.5%	11.7	32.6%	15.5	2.7%	15.9	4.9%	16.7
40															
41	**Ending Reserves**														
42	**Unrestricted General Fund**	172.3	154.1	-6.3%	161.4	10.2%	177.9	3.3%	183.8	3.4%	190.0	3.6%	196.8	3.2%	203.2
43	**Revenue Stabilization Fund**	363.9	382.2	7.4%	390.8	-2.6%	380.8	1.5%	386.6	2.4%	395.9	2.3%	404.9	2.5%	415.2
44	**Total Reserves**	536.2	536.3	3.0%	552.1	1.2%	558.7	2.1%	570.3	2.7%	585.8	2.7%	601.7	2.8%	618.3
45	**Reserves as a % of Adjusted Governmental Revenues**	**10.0%**	**10.0%**		**10.2%**		**10.0%**		**10.0%**		**10.0%**		**10.0%**		**10.0%**
46	**Other Reserves**														
47	**Montgomery College**	4.5	24.3	395.1%	22.3	0.0%	22.3	0.0%	22.3	0.0%	22.3	0.0%	22.3	0.0%	22.3
48	**M-NCPPC**	5.0	2.9	-0.1%	5.0	3.0%	5.1	2.2%	5.2	2.3%	5.3	2.3%	5.5	2.3%	5.6
49	**MCPS**	0.0	25.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
50	**MCG Special Funds**	0.8	-23.7	95.5%	1.5	10.2%	1.7	3.3%	1.7	3.4%	1.8	3.6%	1.9	3.2%	1.9
51	**MCG + Agency Reserves as a % of Adjusted Govt Revenues**	**10.2%**	**10.5%**		**10.7%**		**10.6%**		**10.5%**		**10.5%**		**10.5%**		**10.5%**
52	**Retiree Health Insurance Pre-Funding**														
53	Montgomery County Public Schools (MCPS)	**78.5**	**78.5**		**69.4**		**71.2**		**66.2**		**60.5**		**53.9**		**53.9**
54	Montgomery College (MC)	**5.4**	**5.4**		**5.5**		**5.6**		**5.4**		**5.3**		**5.2**		**5.2**
55	MNCPPC	**2.8**	**2.8**		**3.0**		**2.9**		**2.9**		**2.8**		**2.8**		**2.8**
56	MCG	**34.7**	**13.5**		**12.3**		**10.8**		**7.5**		**4.2**		**0.7**		**0.0**
57	**Subtotal Retiree Health Insurance Pre-Funding**	**121.4**	**100.3**		**90.1**		**90.5**		**82.0**		**72.9**		**62.6**		**61.8**
58	**Adjusted Governmental Revenues**														
59	**Total Tax Supported Revenues**	**5,095.9**	**5,105.8**	**1.2%**	**5,158.7**	**2.6%**	**5,295.3**	**2.6%**	**5,434.4**	**2.8%**	**5,588.0**	**2.6%**	**5,731.8**	**2.5%**	**5,872.5**
60	**Capital Projects Fund**	**145.7**	**145.7**	**-11.2%**	**129.4**	**5.9%**	**137.0**	**-2.6%**	**133.4**	**1.2%**	**135.0**	**6.5%**	**143.7**	**6.1%**	**152.4**
61	**Grants**	**119.2**	**119.2**	**7.4%**	**128.0**	**1.6%**	**130.1**	**1.6%**	**132.1**	**1.6%**	**134.2**	**1.6%**	**136.3**	**1.5%**	**138.4**
62	**Total Adjusted Governmental Revenues**	**5,360.9**	**5,370.8**	**1.0%**	**5,416.1**	**2.7%**	**5,562.4**	**2.5%**	**5,699.9**	**2.8%**	**5,857.3**	**2.6%**	**6,011.9**	**2.5%**	**6,163.4**

Fiscal Plan December 2020

Tax Supported Fiscal Plan Summary

($ in Millions)

		App. FY21	Est. FY21	% Chg. FY21-22	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27
		5-21-20	12-8-20	App/Proj	Est/Proj	12-8-20										
	Total Revenues															
1	Property Tax	1,830.8	1,831.5	2.5%	2.5%	1,877.3	2.8%	1,930.3	2.8%	1,984.5	2.9%	2,042.0	2.9%	2,101.5	2.9%	2,163.1
2	Income Tax	1,695.4	1,637.9	-2.8%	0.6%	1,647.2	3.2%	1,699.6	4.4%	1,774.9	5.1%	1,865.0	5.3%	1,964.2	5.5%	2,072.7
3	Transfer/Recordation Tax	181.6	162.8	-4.5%	6.5%	173.4	3.1%	178.8	3.9%	185.7	3.9%	192.9	3.9%	200.4	3.9%	208.3
4	Other Taxes	273.6	248.5	-7.2%	2.1%	253.8	2.7%	260.7	1.7%	265.3	0.5%	266.5	0.5%	267.8	1.3%	271.4
5	Other Revenues	1,177.4	1,280.1	0.2%	-7.8%	1,179.7	0.3%	1,183.5	0.4%	1,187.9	0.4%	1,192.4	0.4%	1,197.0	0.4%	1,201.7
6	**Total Revenues**	**5,158.7**	**5,160.8**	**-0.5%**	**-0.6%**	**5,131.4**	**2.4%**	**5,252.9**	**2.8%**	**5,398.3**	**3.0%**	**5,558.8**	**3.1%**	**5,730.9**	**3.3%**	**5,917.2**
7																
8	**Net Transfers In (Out)**	**24.9**	**24.9**	**-41.3%**	**-41.3%**	**14.6**	**2.0%**	**14.9**	**2.4%**	**15.3**	**2.4%**	**15.7**	**2.4%**	**16.0**	**2.4%**	**16.4**
9	**Total Revenues and Transfers Available**	**5,183.6**	**5,185.8**	**-0.7%**	**-0.8%**	**5,146.1**	**2.4%**	**5,267.8**	**2.8%**	**5,413.6**	**3.0%**	**5,574.5**	**3.1%**	**5,746.9**	**3.2%**	**5,933.6**
10																
11	**Non-Operating Budget Use of Revenues**															
12	Debt Service	422.5	422.5	4.5%	4.5%	441.5	3.4%	456.7	0.0%	456.8	2.8%	469.4	0.9%	473.8	0.0%	473.8
13	PAYGO	32.0	32.0	-3.1%	-3.1%	31.0	-3.2%	30.0	-3.3%	29.0	-3.4%	28.0	-3.6%	27.0	0.0%	27.0
14	CIP Current Revenue	65.9	65.9	17.5%	17.5%	77.4	23.1%	95.3	-3.4%	92.1	-20.7%	73.1	3.8%	75.8	0.0%	75.8
15	Change in Other Reserves	0.2	-43.9	17437.0%	190.2%	39.6	-99.7%	0.1	66.6%	0.2	8.0%	0.2	7.1%	0.2	3.5%	0.2
16	Contribution to General Fund Undesignated Reserves	7.2	-69.5	1968.2%	315.6%	149.9	-101.5%	-2.3	326.7%	5.1	22.5%	6.3	11.2%	7.0	7.8%	7.5
17	Contribution to Revenue Stabilization Reserves	8.6	8.6	-362.1%	-362.1%	-22.5	162.2%	14.0	-21.4%	11.0	0.0%	11.0	4.5%	11.5	0.0%	11.5
18	Set Aside for other uses (supplemental appropriations)	6.8	21.8	194.1%	-8.3%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
19	**Total Other Uses of Resources**	**543.3**	**437.4**	**35.6%**	**68.5%**	**736.9**	**-16.7%**	**613.9**	**0.0%**	**614.2**	**-1.0%**	**607.9**	**1.2%**	**615.3**	**0.1%**	**615.9**
20	**Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)**	**4,640.3**	**4,748.4**	**-5.0%**	**-7.1%**	**4,409.1**	**5.6%**	**4,653.9**	**3.1%**	**4,799.4**	**3.5%**	**4,966.5**	**3.3%**	**5,131.6**	**3.6%**	**5,317.7**
21																
22	**Agency Uses**															
23																
24	Montgomery County Public Schools (MCPS)	2,562.4	2,562.4	-0.5%	-0.5%	2,550.7	1.0%	2,576.2	0.7%	2,594.3	0.3%	2,602.6	0.2%	2,607.7	0.0%	2,607.8
25	Montgomery College (MC)	268.9	268.9	-0.5%	-0.5%	267.5	0.5%	268.8	0.6%	270.3	0.6%	272.0	0.6%	273.6	0.6%	275.3
26	MNCPPC (w/o Debt Service)	137.2	137.2	-12.1%	-12.1%	120.6	13.7%	137.2	7.0%	146.7	8.1%	158.6	7.6%	170.6	8.2%	184.6
27	MCG	1,671.9	1,779.9	-12.1%	-17.4%	1,470.3	13.7%	1,671.8	7.0%	1,788.1	8.1%	1,933.4	7.6%	2,079.7	8.2%	2,250.0
28	**Agency Uses**	**4,640.3**	**4,748.4**	**-5.0%**	**-7.1%**	**4,409.1**	**5.6%**	**4,653.9**	**3.1%**	**4,799.4**	**3.5%**	**4,966.5**	**3.3%**	**5,131.6**	**3.6%**	**5,317.7**
29	**Total Uses**	**5,183.6**	**5,185.8**	**-0.7%**	**-0.8%**	**5,146.1**	**2.4%**	**5,267.8**	**2.8%**	**5,413.6**	**3.0%**	**5,574.5**	**3.1%**	**5,746.9**	**3.2%**	**5,933.6**
30	**(Gap)/Available**	**0.0**	**0.0**			**0.0**		**0.0**		**0.0**		**0.0**		**0.0**		**0.0**

Assumptions:
1. FY21 Property taxes are at the previous Charter Limit with a $692 credit. FY22-27 property taxes reflect the passage of Ballot Question A with a $692 credit. Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target.
3. PAYGO, debt service, and current revenue reflect the Approved FY21-26 Capital Improvements Program.
4. State Aid, including MCPS and Montgomery College, is not projected to increase from FY22-27.
5. Projected FY22 allocations for MCPS and Montgomery College assume funding at maintenance of effort. The allocations do not include potential increases to State Aid or other possible agency resources, such as use of additional fund balance. Additional State Aid or use of fund balance would increase the rate of growth for MCPS and Montgomery College.
6. MCG FY21 projected expenditures include the results of first quarter analysis. The County is aggressively seeking federal reimbursement for all eligible expenditures related to the County's COVID-19 pandemic response.

Fiscal Plan December 2020

Tax Supported Fiscal Plan Summary

($ in Millions)

#		App. FY21	Est. FY21	% Chg. FY21-22	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27
31	**Beginning Reserves**															
32	**Unrestricted General Fund**	154.1	97.6	-81.8%	-71.2%	28.1	533.1%	178.0	-1.3%	175.7	2.9%	180.8	3.5%	187.1	3.7%	194.1
33	**Revenue Stabilization Fund**	382.2	376.3	0.7%	2.3%	384.9	-5.8%	362.4	3.9%	376.4	2.9%	387.4	2.8%	398.4	2.9%	409.9
34	**Total Reserves**	536.3	473.9	-23.0%	-12.9%	413.0	30.8%	540.4	2.2%	552.1	2.9%	568.2	3.0%	585.5	3.2%	603.9
35																
36	**Additions to Reserves**															
37	**Unrestricted General Fund**	7.2	-69.5	1968.2%	315.6%	149.9	-101.5%	-2.3	326.7%	5.1	22.5%	6.3	11.2%	7.0	7.8%	7.5
38	**Revenue Stabilization Fund**	8.6	8.6	-362.1%	-362.1%	-22.5	162.2%	14.0	-21.4%	11.0	0.0%	11.0	4.5%	11.5	0.0%	11.5
39	**Total Change in Reserves**	15.8	-60.9	704.6%	309.0%	127.4	-90.8%	11.7	37.2%	16.1	7.1%	17.3	7.0%	18.5	2.9%	19.0
40																
41	**Ending Reserves**															
42	**Unrestricted General Fund**	161.4	28.1	10.3%	533.1%	178.0	-1.3%	175.7	2.9%	180.8	3.5%	187.1	3.7%	194.1	3.9%	201.6
43	**Revenue Stabilization Fund**	390.8	384.9	-7.3%	-5.8%	362.4	3.9%	376.4	2.9%	387.4	2.8%	398.4	2.9%	409.9	2.8%	421.4
44	**Total Reserves**	552.1	413.0	-2.1%	30.8%	540.4	2.2%	552.1	2.9%	568.2	3.0%	585.5	3.2%	603.9	3.1%	622.9
45	**Reserves as a % of Adjusted Governmental Revenues**	**10.2%**	**7.6%**			**10.0%**		**10.0%**		**10.0%**		**10.0%**		**10.0%**		**10.0%**
46	**Other Reserves**															
47	**Montgomery College**	22.3	22.3	0.0%	0.0%	22.3	0.0%	22.3	0.0%	22.3	0.0%	22.3	0.0%	22.3	0.0%	22.3
48	**M-NCPPC**	5.0	5.0	2.5%	2.5%	5.1	2.7%	5.2	2.8%	5.4	2.8%	5.5	2.9%	5.7	2.9%	5.8
49	**MCPS**	0.0	0.0	n/a	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
50	**MCG Special Funds**	1.5	-37.8	10.3%	104.5%	1.7	-1.3%	1.7	2.9%	1.7	3.5%	1.8	3.7%	1.8	3.9%	1.9
51	**MCG + Agency Reserves as a % of Adjusted Govt Revenues**	**10.7%**	**7.4%**			**10.5%**		**10.5%**		**10.5%**		**10.5%**		**10.5%**		**10.5%**
52	**Retiree Health Insurance Pre-Funding**															
53	Montgomery County Public Schools (MCPS)	**69.4**	**69.4**			**71.2**		**66.2**		**60.5**		**53.9**		**53.9**		**53.9**
54	Montgomery College (MC)	**5.5**	**5.5**			**5.6**		**5.4**		**5.3**		**5.2**		**5.2**		**5.2**
55	MNCPPC	**3.0**	**3.0**			**2.9**		**2.9**		**2.8**		**2.8**		**2.8**		**2.8**
56	MCG	**12.3**	**12.3**			**10.8**		**7.5**		**4.2**		**0.7**		**0.0**		**0.0**
57	**Subtotal Retiree Health Insurance Pre-Funding**	**90.1**	**90.1**			**90.5**		**82.0**		**72.9**		**62.6**		**61.8**		**61.8**
58	**Adjusted Governmental Revenues**															
59	**Total Tax Supported Revenues**	**5,158.7**	**5,160.8**	**-0.5%**	**-0.6%**	**5,131.4**	**2.4%**	**5,252.9**	**2.8%**	**5,398.3**	**3.0%**	**5,558.8**	**3.1%**	**5,730.9**	**3.3%**	**5,917.2**
60	**Capital Projects Fund**	**129.4**	**129.4**	**5.9%**	**5.9%**	**137.0**	**-2.6%**	**133.4**	**1.2%**	**135.0**	**6.5%**	**143.7**	**6.1%**	**152.4**	**0.0%**	**152.4**
61	**Grants**	**128.0**	**128.0**	**1.6%**	**1.6%**	**130.1**	**2.0%**	**132.6**	**2.4%**	**135.9**	**2.4%**	**139.2**	**2.4%**	**142.6**	**2.4%**	**146.0**
62	**Total Adjusted Governmental Revenues**	**5,416.1**	**5,418.2**	**-0.3%**	**-0.4%**	**5,398.5**	**2.2%**	**5,519.0**	**2.7%**	**5,669.2**	**3.0%**	**5,841.7**	**3.2%**	**6,025.9**	**3.1%**	**6,215.6**

OFFICE OF THE COUNTY EXECUTIVE
Rockville, Maryland 20850

Marc Elrich
County Executive

Andrew Kleine
Chief Administrative Officer

August 6, 2020

Council President Sidney Katz
Councilmember Andrew Friedson
Councilmember Nancy Navarro
100 Maryland Avenue
Rockville, MD 20850

Councilmembers Katz, Friedson and Navarro,

Thank you for your letter regarding the Cost Efficiency Study Group that has been convened by the County Executive and our MCGEO union partner. This group will analyze existing government operations and consider alternate service delivery methods and organizational structures to better serve the residents of Montgomery County. The group has sought consultant support for this effort, which began out of the collective bargaining process and represents a shared vision of the Executive Branch and MCGEO. This process began prior to the current COVID-19 emergency and resulting economic crisis, which has only magnified the need to prioritize this effort.

The following are the responses to your questions on this Cost Efficiency Study Group:

1. Who is the consultant who will assist the Government Efficiency Work Group, how were the consultant's services procured, how much will the consultant be compensated, and for how long?

In accordance with the County's Procurement Regulations, the County advertised and requested responses to informal solicitation # 1118023 for a consultant to assist the County with its Cost Efficiency Study Group. The County received six submissions. Matrix Consulting Group Ltd. (Consultant) was selected with a bid of $92,000 for a 12-week project term beginning mid-August.

2. What individuals and organizations are involved in the Work Group? How will findings and recommendations be made and when should the Council expect to receive them?

The Study Group consists of the Director of the Office of Management and Budget, the Director of the Office of Human Resources, the Deputy Chief Administrative Officer, the MCGEO President, and two other MCGEO representatives. The Consultant will assist the group abolish at minimum 100 vacant positions by identifying potential cost savings and/or efficiency enhancements. Additionally, the Consultant will provide a written report approximately 3 months after the project commences that will contain findings and recommendations. The report will be shared with the County Council once it has been finalized.

3. What are the Work Group's targeted total actual savings and total budgeted savings?

The primary charge of the Study Group is to identify at least 100 vacant positions that can be abolished across various levels of County government without impacting service delivery. Abolishing these 100 positions will create savings as we will eliminate positions that are not currently being lapsed or where the service is being provided via temporary or contractual support. As a result, the project is not targeting a specific dollar value for savings.

Additionally, while the preference would be to eliminate at least 100 vacant positions immediately upon identification, in order to ensure there is no impact to service delivery it may require the eliminations to occur in phases. This phasing would impact any FY21 savings estimates but is not anticipated to affect any long-term savings.

4. Can you provide the total number of positions added to County government in the last two years, and will that figure be included in the Work Group's findings and recommendations?

Full time positions have increased from 9,549 in the FY19 approved budget to 9,733 in the FY21 approved budget, a total net increase of 184. Part time positions have increased from 987 in the FY19 to 999 in FY21, a total net increase of 12. This is a total net increase over the last two years of 196, a 1.86% increase. This two-year increase is less than the preceding two-year increase from FY17 to FY19 of a net 268 additional positions, for a 2.61% increase. Any of these newly created positions that are currently vacant will be included in the review. While several variables concerning vacant positions will be considered, it is not anticipated that there would be any specific focus on positions created in the last two years.

Please let me know If you have any additional questions regarding the Cost Efficiency Study Group.

Sincerely,

Fariba Kassiri FOR

Andrew Kleine
Chief Administrative Officer

CC: Fariba Kassiri, Deputy Chief Administrative Officer
Rich Madaleno, Director, Office of Management and Budget
Marlene Michaelson, Executive Director, Montgomery County Council
Aron Trombka, Senior Legislative Analyst
Gene Smith, Legislative Analyst, Montgomery County Council

Montgomery County Council

Committee: Directly to Council
Committee Review: N/A
Staff: Marlene Michaelson, Executive Director
Purpose: Receive briefing and discuss
Keywords: Second FY21 Savings Plan

ADDENDUM
AGENDA ITEM #12
January 19, 2021
Discussion

SUBJECT

Second FY21 Saving Plan (January 2021)

EXPECTED ATTENDEES

Rich Madaleno, Chief Administrative Officer
Jennifer Bryant, Acting Director, Office of Management and Budget (OMB)

DESCRIPTION/ISSUE

On January 15, 2021, the Executive transmitted to the Council a second Savings Plan totaling $25 million (M) - $16.4 M in operating budget savings and $8.6M in savings from the Capital Budget. In addition, Montgomery County Public Schools (MCPS) will participate in the Savings Plan by reverting to fund balance $25M of current year appropriation and re-appropriating it in FY22. The Council approved an earlier Savings Plan totaling $56.9M in total saving in July 2020.

SUMMARY OF KEY DISCUSSION POINTS

The cover memorandum for the Executive submission indicates that FY21 tax supported revenues are likely to be $101.5M less than initially projected while expenditures will be $194M above the FY21 approved budget. (The Council staff analysis, which includes assumptions about Federal Emergency Management (FEMA) reimbursements and Coronavirus Relief Fund (CRF) funding, projects a gap of $143.4M.) The transmittal does not explain why the recommended Savings Plan total is significantly less than the estimated gap.

While some of the specific items in the recommended savings plan will not impact services (e.g., savings on printing costs as most departments are sharing documents electronically), there are others the Council will want to consider more carefully. For example, the $2.6M in recommended reductions for the Department of Health and Human Services includes reductions previously rejected by the Council due to their potential impact on services.

Since the Savings Plan includes changes to the Capital Improvements Program (CIP), the Council will have to consider both the operating and capital budgets.

The Executive indicates that they are currently in active negotiations with labor partners regarding the continuation of the hazard pay differential but are unable to share details at this time. He further states that “the structure of the hazard pay differential is not currently fiscally sustainable”. Continuing the pay differential until the end of this fiscal year would cost approximately $45M (tax supported funds January-June).

COUNCIL STAFF RECOMMENDATION

The detailed recommendation in the proposed Savings Plan should be reviewed by the relevant Committees.

Attachments:

Cover Memorandum from the Executive on FY21 Recommended Revised Spending Plan – Second Submission
Revised Spending Plan – Summary of reductions by Department
Revised Spending Plan – Detailed list of changes by Department and funding source
Revised Spending Plan – Justification of Changes

OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

January 15, 2021

TO: Tom Hucker, President, County Council

FROM: Marc Elrich, County Executive

SUBJECT: FY21 Recommended Revised Spending Plan – Second Submission

The purpose of this memorandum is to transmit my second Recommended Fiscal Year 2021 Revised Spending Plan for Montgomery County Government departments and other tax-supported agencies. The attached plan identifies savings of approximately $16.4 million from the County Government's Operating Budget and $8.6 million in savings from the County's Capital Budget, for a total of $25.0 million. When combined with the first approved revised spending plan, FY21 County government operations will be reduced by $48.3 million and the tax-supported Current Revenue/PAYGO portions of the Capital Budget will be reduced by almost $50.0 million.

As I indicated to the Council when I transmitted my initial FY21 Revised Spending Plan, the ongoing and unpredictable impacts of COVID-19 on the public health and economic vitality of our community would likely necessitate identifying additional savings to maintain the County's fiscal health. As we discussed with the Council in December, when compared to the FY21 approved budget and fiscal plan, FY21 tax supported revenues are projected to be $101.5 million less than initially projected and FY22 tax supported revenues are projected to be $163.9 million lower. At the same time, our first quarter spending analysis for FY21 projects, that spending will be $194 million above the FY21 approved budget – much of this is due to the County's response to the COVID-19 pandemic. The December Fiscal Plan update estimated that without action, the County's reserves will be 7.6 percent of adjusted governmental revenues at the end of FY21 compared to the 10.2 percent estimated in the FY21 approved budget. Most of this increased spending is directly related to the County's response to the pandemic, and we anticipate that much of it will be covered through reimbursements from either the Federal Emergency Management Agency (FEMA) or the Federal Coronavirus Relief Fund.

In June, most County Government departments participated in the initial FY21 revised spending plan and identified savings while minimizing adverse impacts on service delivery to the residents of Montgomery County. Departments that achieved six percent in savings as a result of the approved July 2020 Savings Plan were not asked to identify additional savings. Because of pandemic response efforts and public safety concerns, the Department of Health and Human Services, Department of Correction and Rehabilitation, Fire and Rescue Service, and the Police Department were asked to identify only an additional two percent in savings. The Office of Management and Budget performed an impact analysis on items identified by the departments and proposed additional actions where savings could be achieved.

We are currently in active negotiations with our labor partners with regard to the continuation of the hazard pay differential. I am unable to share details of this negotiation at this time; however, a finalized agreement between my Administration and the County's labor representatives will be completed on this subject imminently. Providing this incentive to County employees who deliver vital services to our community, at great risk to their health, has been an important tool. However, the structure of the hazard pay differential is not currently fiscally sustainable. Moving forward, with the availability of vaccines and plentiful personal protective equipment, the need for the differential could be mitigated. The fiscal update provided to Council in December included an assumption that the differential payments would continue through the remainder of the fiscal year. Thus, any cost avoided by early termination of the differential or by decreasing the differential amount would revise our fiscal assumptions accordingly. I will transmit the details of any revised agreement along with an analysis of how it impacts the County's fiscal outlook to the Council as soon as it is finalized.

Capital budget amendments were developed to reduce PAYGO and Current Revenue funding in the CIP. The initial savings plan reduced all PAYGO funding but $23.4 million. In order to support the FY21 operating budget, the CIP amendments sent under separate cover today include project savings, deferrals, and other adjustments that will make it possible to eliminate the remaining $8.6 million in FY21 PAYGO. FY21 reductions and delays in current revenue spending, as well as FY22 adjustments, will be recognized in the FY22 CIP appropriation requests. All agencies are recommended to participate in these reductions.

While not reflected in the attached reports, Montgomery County Public Schools (MCPS) will participate in the FY21 Savings Plan by reverting to fund balance $25 million of current-year appropriation and re-appropriate it in FY22. This provides General Fund relief by reducing the amount of County support needed in FY22 by $25 million. The State's education maintenance of effort law precludes the County from recognizing this savings in FY21.

The hiring freeze and procurement freeze exemption process that I instituted on March 18, 2020 will continue for the duration of this crisis and will provide us with additional fiscal oversight.

In addition, work continues on the cost efficiency study to broadly evaluate the service delivery model of each department. Among the several goals of the study is to identify a minimum of 100 vacant positions across the Executive Branch that can be eliminated over the next one to two years. The impacts of the initial implementation will be included in my FY22 Recommended Budget.

As we move forward, we must recognize there are still several unknown variables that will impact County government finances, including the lasting impact of COVID-19 on the County's economy and our tax revenues, the need to maintain funds in reserve to continue to provide enhanced services to those most impacted by the pandemic, and whether there will be additional relief from the Federal government. While the incoming Federal administration has signaled its support for providing additional resources to states and local governments, that plan is not yet final. We will continue to monitor developments on that front and will work with Council to ensure that whatever funds we may receive are used to bolster vital services we must provide to County residents. I am greatly appreciative of our State's Congressional delegation for their continued assistance and leadership.

In the meantime, I urge the Council to work with the Executive Branch to ensure that our spending remains equitable, prudent, and socially responsible. I look forward to working with you and your colleagues as we strive to help County residents and businesses navigate these unprecedented times.

ME:jw

Attachments

c: County Council Members
Marlene Michaelson, Executive Director, Montgomery County Council
Richard S. Madaleno, Chief Administrative Officer
Michael Coveyou, Director, Department of Finance
Jennifer R. Bryant, Acting Director, Office of Management and Budget

FY21 Revised Spending Plan Analysis

Round - 2

Department/Fund	FY21 Original Budget	CE Recommended	Revenue	Savings as % of Orig. Bud
Tax-Supported				
General Fund				
Agriculture	991,853	-25,292	0	-2.55
Animal Services	7,753,529	-150,000	0	-1.93
Community Engagement Cluster	4,237,109	-127,114	0	-3.00
Consumer Protection	2,196,727	-64,144	0	-2.92
Correction and Rehabilitation	70,996,074	-1,203,000	0	-1.69
County Attorney	6,361,363	-188,296	0	-2.96
County Council	12,612,090	-201,095	0	-1.59
Emergency Management and Homeland Security	2,140,317	-128,419	0	-6.00
Health and Human Services	251,454,732	-2,590,143	0	-1.03
Housing and Community Affairs	8,640,221	-14,720	0	-0.17
Human Resources	7,842,794	-385,000	0	-4.91
Human Rights	1,384,692	-48,049	0	-3.47
Inspector General	1,835,612	-171,000	0	-9.32
Intergovernmental Relations	1,136,428	-40,002	0	-3.52
NDA - Legislative Branch Communications Outreach	1,060,250	-189,881	0	-17.91
Police	281,281,640	-5,014,984	0	-1.78
Public Libraries	42,104,692	-993,403	0	-2.36
State's Attorney	18,521,033	-68,265	0	-0.37
Technology Services	43,328,778	-515,612	0	-1.19
General Fund Total:	**765,879,934**	**-12,118,419**	**0**	**-1.58**
Special Funds				
Fire	224,869,427	-1,200,000	0	-0.53
Recreation	43,116,097	-754,532	0	-1.75
Mass Transit	149,364,876	-1,384,008	0	-0.93
Special Funds Total:	**417,350,400**	**-3,338,540**	**0**	**-0.80**
Tax-Supported Total:	**1,183,230,334**	**-15,456,959**	**0**	**-1.31**
Non-Tax Supported				
Enterprise Funds				
Bethesda Parking	14,883,816	-854,411	0	-5.74
Wheaton Parking	1,577,461	-128,734	0	-8.16
Enterprise Funds Total:	**16,461,277**	**-983,145**	**0**	**-5.97**
Non-Tax Supported Total:	**16,461,277**	**-983,145**	**0**	**-5.97**
MCG Total:	**1,199,691,611**	**-16,440,104**	**0**	**-1.37**

FY21 Revised Spending Plan
Round - 2

Ref. No	Title	Total $	Revenue
	Tax-Supported		
	General Fund		
	Agriculture		
1	Suspend Services due to COVID - Maryland Agriculture Education Foundation and MCPS Contracts	-25,292	0
	Agriculture Total:	**-25,292**	**0**
	Animal Services		
2	Hiring Deferral After 12-16 Weeks Vacant	-150,000	0
	Animal Services Total:	**-150,000**	**0**
	Community Engagement Cluster		
3	Lapse/Turnover Savings	-127,114	0
	Community Engagement Cluster Total:	**-127,114**	**0**
	Consumer Protection		
4	Investigator III Position 6-Month Lapse	-64,144	0
	Consumer Protection Total:	**-64,144**	**0**
	Correction and Rehabilitation		
5	Lapse Community Services Work Crew for Second Half of Year	-53,000	0
6	Adjust Lapse to Reflect Temporarily Closure of Pre-Release and Reentry Services Facility and Lapse Trends	-1,150,000	0
	Correction and Rehabilitation Total:	**-1,203,000**	**0**
	County Attorney		
7	Administrative Operating Expenses Reduction	-139,439	0
8	Lapse Administrative Aide Position	-48,857	0
	County Attorney Total:	**-188,296**	**0**
	County Council		
9	Reduce Operating Expenses for Round II Savings Plan	-142,224	0
10	Lapse Positions	-58,871	0
	County Council Total:	**-201,095**	**0**
	Emergency Management and Homeland Security		
11	Faith-Based Security Grants Reduction	-100,000	0
12	Computer Equipment and Repair	-10,000	0
13	EOC Equipment Purchase and Repair	-18,419	0
	Emergency Management and Homeland Security Total:	**-128,419**	**0**
	Health and Human Services		
14	Realign of Developmental Disability Supplement Budget to Reflect Decrease in Participation	-46,312	0
15	Realign Inter-Generational Volunteer Program (Interages) Budget to Reflect Projected Expenditures	-15,000	0

Ref. No	Title	Total $	Revenue
16	Reduce Supports Planning Agency Broker Position	-97,400	0
17	Reduce Street Outreach Network Operating Expenses	-25,000	0
18	Reduce Early Childhood Service (ECS) Child Link PT Counselor Contractor Not Needed Due to COVID-Related Closures	-31,107	0
19	Reduce Child Care Subsidies Because of Lower Utilization Due to COVID	-600,000	0
20	Reduce Temporary Manpower for Child Welfare Services	-5,067	0
21	Reduce Operating Expenses in Child Welfare Services	-5,300	0
22	Reduce Budget for Residential Rehab Supplemental Contracts	-307,060	0
23	Realign Budget for Local Behavioral Health Authority to Reflect Fee for Service Contracts	-200,000	0
24	Delay Alignment of Local Behavioral Health Authority - Substance Abuse Projects	-100,000	0
25	Reduce Brokers and Temporary Staff in the Office of the Chief Operating Officer	-186,831	0
26	Reduce General Fund Budget for Preventive Services for Mammograms and Colonoscopies that Can Be Provided Through the County Cancer Control Program	-98,527	0
27	Realign Maternity Partnership Program Budget to Reflect Updated Enrollment Projections	-120,000	0
28	Reduce In Person Translation Services Due to COVID	-80,000	0
29	Asian American Health Initiative, Reduction Due to Delayed Hiring of Community Health Worker Contractors	-54,891	0
30	Latino Health Initiative, Health Promoters Program Funded by Por Nuestra Salud y Bienestar Initiative	-7,628	0
31	Latino Health Initiative, Reduce "Ama tu Vida" Annual Health Fair Campaign and Newsletters Due to COVID	-10,000	0
32	Latino Health Initiative, Reduce Environmental Intervention Program Due to COVID	-15,000	0
33	Latino Health Initiative, Reduce Miscellaneous Operating Expenses Due to COVID	-54,543	0
34	African American Health Program, Reduce Funding for Data Services No Longer Needed	-47,750	0
35	African American Health Program, Reduce Miscellaneous Operating Expenses Due to COVID	-19,949	0
36	Suspend Adult Evaluation and Review Service PT Broker due to COVID	-20,307	0
37	Realign Home Care Services Budget to Reflect Projected Expenditures	-119,550	0
38	Realign Assisted Living Services Budget to Reflect Projected Expenditures	-158,921	0
39	Reduce Linkages to Learning (LTL) and School and Community Youth Services (SCYS) Contracts Due to Contractor Vacancies	-160,000	0
40	African American Health Program, Reduce Facility Space Funding Due to COVID	-4,000	0
	Health and Human Services Total:	**-2,590,143**	**0**

Housing and Community Affairs

Ref. No	Title	Total $	Revenue
41	Increase Lapse	-14,720	0
	Housing and Community Affairs Total:	**-14,720**	**0**

Human Resources

Ref. No	Title	Total $	Revenue
42	Lapse Savings	-310,000	0
43	Operating Savings - OMS	-75,000	0
	Human Resources Total:	**-385,000**	**0**

Human Rights

Ref. No	Title	Total $	Revenue
44	Lapse Vacant Investigator II Position & Reduce Operating Expenses	-48,049	0
	Human Rights Total:	**-48,049**	**0**

FY21 Revised Spending Plan
Round - 2

Ref. No	Title	Total $	Revenue
Inspector General			
45	Lapse Savings due to delayed Hiring	-171,000	0
	Inspector General Total:	**-171,000**	**0**
Intergovernmental Relations			
46	Eliminate Professional Services Contract Related to Federal Real Estate Services	-40,002	0
	Intergovernmental Relations Total:	**-40,002**	**0**
NDA - Legislative Branch Communications Outreach			
47	Operating Expenses	-10,000	0
48	Lapse Positions	-179,881	0
	NDA - Legislative Branch Communications Outreach Total:	**-189,881**	**0**
Police			
49	Reduce the POC class scheduled in the winter of 2021 from 22 to 14	-461,539	0
50	Reduce overtime	-1,750,000	0
51	Reduce operating expenses department-wide	-2,803,445	0
	Police Total:	**-5,014,984**	**0**
Public Libraries			
52	Reduce Library Pages Budget Because Activities Can Be Performed by MCPL Staff While Branches are Closed to the Public	-172,050	0
53	Reduce Contractual Services to Reflect Services Being Provided Virtually at a Lower Cost	-251,640	0
54	Reduce Office Equipment Repair/Maintenance Costs	-5,000	0
55	Reduce Office Supplies, Materials, and Equipment Costs Because of Branch Facility Closures	-63,600	0
56	Reduce Office Furniture Budget	-5,000	0
57	Reduce Central Duplicating (Printing and Bulk Postage) Costs	-27,773	0
58	Reduce Staff Training Costs	-8,900	0
59	Reduce Travel, Advertising, and Miscellaneous Costs	-34,450	0
60	Increase Library Lapse Savings to Reflect Projections	-174,990	0
61	Reduce Library Materials Budget by $250,000	-250,000	0
	Public Libraries Total:	**-993,403**	**0**
State's Attorney			
62	Hold Three Contractual Assistant State's Attorney Positions Vacant	-68,265	0
	State's Attorney Total:	**-68,265**	**0**
Technology Services			
63	Lapse Sr Info Technology Spec	-118,930	0
64	Lapse Program Specialist II	-39,894	0
65	Lapse Sr Info Technology Spec (New Unclassified Position)	-89,197	0
66	Lapse Sr Info Technology Spec (New Unclassified Position)	-89,197	0
67	Lapse Sr Info Technology Spec (New Unclassified Position)	-89,197	0

Ref. No	Title	Total $	Revenue
68	Lapse Sr. Info Technology Spec	-89,197	0
	Technology Services Total:	**-515,612**	**0**
	General Fund Total:	**-12,118,419**	**0**
Fire			
	Fire and Rescue Service		
69	Reduce FY21 Recruit Class from 57 to 37 to Reflect COVID-19 Capacity	-1,200,000	0
	Fire and Rescue Service Total:	**-1,200,000**	**0**
	Fire Total:	**-1,200,000**	**0**
Recreation			
	Recreation		
70	Provide Same Level Service (FY20) for Youth Development Programming and Delay Launch of New Excel Beyond the Bell Sites.	-651,767	0
71	Department Wide Seasonal Funding Savings	-102,765	0
	Recreation Total:	**-754,532**	**0**
	Recreation Total:	**-754,532**	**0**
Mass Transit			
	Transit Services		
72	Motorpool Reduction Due to Less Service in Operation	-1,384,008	0
	Transit Services Total:	**-1,384,008**	**0**
	Mass Transit Total:	**-1,384,008**	**0**
	Tax-Supported Total:	**-15,456,959**	**0**

Non-Tax Supported

Ref. No	Title	Total $	Revenue
Bethesda Parking			
	Parking District Services		
73	Personnel Adjustment: Bethesda PLD from CIP Amendment	-56,373	0
74	Operating Expenses Adjustment: Bethesda PLD from CIP Amendment	-798,038	0
	Parking District Services Total:	**-854,411**	**0**
	Bethesda Parking Total:	**-854,411**	**0**
Wheaton Parking			
	Parking District Services		
75	Personnel Adjustment: Wheaton PLD from CIP Amendment	-8,734	0
76	Operating Adjustment: Wheaton PLD from CIP Amendment	-120,000	0

FY21 Revised Spending Plan
Round - 2

Ref. No	Title	Total $	Revenue
	Parking District Services Total:	**-128,734**	**0**
	Wheaton Parking Total:	**-128,734**	**0**
	Non-Tax Supported Total:	**-983,145**	**0**
	MCG Total:	**-16,440,104**	**0**

Agriculture

General Fund

Title: Suspend Services due to COVID - Maryland Agriculture Education Foundation and MCPS Contracts **Ref ID:** S2

Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-25,292	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-25,292**	**Revenues:**	0

Justification for one-time reduction:

Impact:

To meet the round 2 savings plan, the OAG would like to reduce its MAEF contract by $16,800 and its MCPS contract by $8,492 for total reduction amount of $25,292. There will not be any service impact because these programs have been suspended for FY21 due to the pandemic and distance learning.

The OAG would like to request that this be a one time reduction.

Expenditure Breakout:

001-78410-60158

Animal Services

General Fund

Title: Hiring Deferral After 12-16 Weeks Vacant **Ref ID:** S4

Personnel Costs:	-150,000	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-150,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Other PC Change	CY					0	0	-150,000	0	0	0.00
						Totals:		**-150,000**	**0**	**0**	**0.00**

Community Engagement Cluster

General Fund

Title: Lapse/Turnover Savings **Ref ID:** S1

Personnel Costs:	-127,114	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-127,114**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The primary impact is on reduced capacity for administrative support. This is a long-standing issue, and the current vacancies are exacerbating the situation. The Shared Services model is intended to step in and fill this gap, but that is currently an in-development solution. This reduction will be realized as a result of existing vacancies and the likelihood of getting them filled by the end of the fiscal year.

The impact of accepting this item will affect the ability of other items for CEC to be implemented, including any multicultural communication interpretation unit.

Expenditure Breakout:

position 006005 - FY21 budget $119,945
position 016620 - FY21 budget $73,430
position 014976 - FY21 budget $90,389
Total lapse potential - $283,764. If necessary, there is flexibility to fill one of the positions at approximately mid-year while meeting the revised spending plan target of approximately $255,000.

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	006005	ADMINISTRATIVE SPECIALIST II*	Permanent	Non-Represen ted	1	0	-59,973	0	0	0.00
Misc.	CY	016620	PROGRAM MANAGER I	Permanent	Non-Represen ted	1	0	-36,715	0	0	0.00
Misc.	CY	014976	PROGRAM SPECIALIST II	Permanent	Non-Represen ted	1	0	-30,426	0	0	0.00
						Totals:		**-127,114**	**0**	**0**	**0.00**

Consumer Protection

General Fund

Title: Investigator III Position 6-Month Lapse		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-64,144	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-64,144**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:

Correction and Rehabilitation

General Fund

Title: Lapse Community Services Work Crew for Second Half of Year		**Ref ID:**	S1
Personnel Costs:	-53,000	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-53,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Suspends Alternative Community Services Work Crew for the remainder of FY21 until activity can safely resume.

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY					0	0	-53,000	0	0	0.00
						Totals:		**-53,000**	**0**	**0**	**0.00**

Title: Adjust Lapse to Reflect Temporarily Closure of Pre-Release and Reentry Services Facility and Lapse Trends		**Ref ID:**	S1
Personnel Costs:	-1,150,000	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-1,150,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Increases lapse through the end of FY21 to reflect the temporary closure of the Pre-Release and Reentry Services Facility and lapse trends.

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY					0	0	-1,150,000	0	0	0.00
						Totals:		**-1,150,000**	**0**	**0**	**0.00**

County Attorney

General Fund

Title: Administrative Operating Expenses Reduction		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-139,439	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-139,439**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Reductions feasible in the context of telework.

Expenditure Breakout:

Reductions include Office supplies ($10,000), Other professional services, ($10,000), Miscellaneous ($5,000), Computer equipment repairs ($15,000), Books ($5,000) and Metropolitan Travel ($4,000) with the remaining allocations determined by OCA.

Title: Lapse Administrative Aide Position		**Ref ID:**	S1
Personnel Costs:	-48,857	**FT Positions:**	1
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	1.00
Total Expenditure:	**-48,857**	**Revenues:**	0

Justification for one-time reduction:

Impact:
Reductions feasible in the context of telework, position currently vacant.

Expenditure Breakout:
$48,856 total annual Personnel Cost for position.

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Other PC Change	CY	015761	ADMINISTRATIVE AIDE	Permanent	MCGEO - Office, Professional, and Technical (OPT)	1	0	-48,857	1	0	1.00
						Totals:		**-48,857**	**1**	**0**	**1.00**

County Council

General Fund

Title: Reduce Operating Expenses for Round II Savings Plan **Ref ID:** S1

Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-142,224	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-142,224**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:
$15,000 in other central duplicating expenses.

Title: Lapse Positions **Ref ID:** S1

Personnel Costs:	-58,871	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-58,871**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	017867	ADMINISTRATIVE SPECIALIST II*	Permanent	Non-Represented	0	0	-52,727	0	0	0.00
Misc.	CY	000128	LEGISLATIVE SERVICES COORDINATOR	Permanent	Non-Represented	0	0	-6,144	0	0	0.00
						Totals:		**-58,871**	**0**	**0**	**0.00**

Emergency Management and Homeland Security

General Fund

Title: Faith-Based Security Grants Reduction		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-100,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-100,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

OEMHS received $700,000 to provide as grants for Faith-Based organizations to improve their security capabilities. These funds added more than 33% to our General Fund budget. To take all of the savings from the remaining operating expenses ($261,908) would greatly inhibit the office's ability to conduct its normal operations. Given that the county will be spending a majority of the next fiscal year responding to and recovering from COVID-19, we feel this solution keeps a large majority of the Faith-Based grants intact while not overly impacting OEMHS operations.

Expenditure Breakout:

$100,000 in Operating Funds appropriated for Faith-Based Security grants

Title: Computer Equipment and Repair		**Ref ID:**	S2
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-10,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-10,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

OEMHS maintains a budget item for computer equipment repair. Emergency planning and operations activities often take place out of the office, and the computers are subject to more wear and tear. OEMHS received new computers in the final quarter of FY 20. We anticipate that we can reduce this item for FY 21, given that the computers will be less than a year old during the majority of the fiscal year. OEMHS will maintain $5,000 in this line item for any unexpected repairs.

Expenditure Breakout:

Original budget amount - $15,000.
Reduction - $10,000
Amount remaining in budget - $5,000

Title: EOC Equipment Purchase and Repair		**Ref ID:**	S3
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-18,419	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-18,419**	**Revenues:**	0

Justification for one-time reduction:

Impact:

OEMHS has been operating its Emergency Operations Center virtually during the COVID-19 disaster. We anticipate this will continue as much as possible in FY 21 to maintain social distancing. The reduction in use for this fiscal year will reduce the need for equipment upgrades and repair. We believe a reduction in this budget item can be taken, in FY 21, with no service impact.

Expenditure Breakout:

EOC Equipment and Repair - $28,000
Reduction - $18, 419
Remaining in the budget - $9,581

Fire and Rescue Service

Fire

Title: Reduce FY21 Recruit Class from 57 to 37 to Reflect COVID-19 Capacity		**Ref ID:**	S1a
Personnel Costs:	-1,200,000	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-1,200,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Reduces 20 recruit class slots, leaving 37 recruits. MCFRS is not able to accommodate more than 37 recruits in the FY21 recruit class beginning in February due to COVID precautions.

Expenditure Breakout:

Salary and Benefits: 57 x $46,362 = $2,642,634
Operating costs: 57 x 11,000 = $627,000
Instructor Overtime: 57 x $15,700 = $894,900

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY					0	0	-1,200,000	0	0	0.00
						Totals:		**-1,200,000**	**0**	**0**	**0.00**

Health and Human Services

General Fund

Title: Realign of Developmental Disability Supplement Budget to Reflect Decrease in Participation		**Ref ID:**	S2
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-46,312	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-46,312**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The number of providers participating in the Supplement decreased in July 2020 by one. This action would align the budget to reflect actual costs and not impact other providers.

Expenditure Breakout:

001.65054.60022

Title: Suspend Adult Evaluation and Review Service PT Broker due to COVID		**Ref ID:**	S5
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-20,307	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-20,307**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Suspend Program Specialist Broker Position. During COVID, the broker has been on leave and the remaining staff have been able to handle the workload. Unclear if there will be a service impact from this reduction.

Expenditure Breakout:

Title: Realign Inter-Generational Volunteer Program (Interages) Budget to Reflect Projected Expenditures		**Ref ID:**	S7
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-15,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-15,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The program, run by the Jewish Council for the Aging, provides coordination and volunteer management for inter-generational volunteer programs in Montgomery County. Naturally occurring savings based on updated expenditure projections.

Expenditure Breakout:

001.65150.60530

Title: Reduce Supports Planning Agency Broker Position		**Ref ID:**	S8
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-97,400	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-97,400**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Service impact would be minimal. Caseload capacity would be reduced by 40 (320 to 280). The current caseload is 300.

Expenditure Breakout:

001.65225.60062

Title: Realign Home Care Services Budget to Reflect Projected Expenditures		**Ref ID:**	S10
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-119,550	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-119,550**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Naturally occurring savings based on updated projections.

Expenditure Breakout:

Title: Realign Assisted Living Services Budget to Reflect Projected Expenditures		**Ref ID:**	S11
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-158,921	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-158,921**	**Revenues:**	0

Justification for one-time reduction:

Impact:
Naturally occurring savings based on updated projections.

Expenditure Breakout:

Title: Reduce Street Outreach Network Operating Expenses		**Ref ID:**	S14
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-25,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-25,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:
Reduces Street Outreach Network operating expense. Will reduce the annual Healing Informed and Trauma training for Positive Youth Development (PYD) and Street Outreach Network (SON) staff usually held in the Spring.

Expenditure Breakout:
001.64310.60076

Title: Reduce Early Childhood Service (ECS) Child Link PT Counselor Contractor Not Needed Due to COVID-Related Closures		**Ref ID:**	S22
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-31,107	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-31,107**	**Revenues:**	0

Justification for one-time reduction:

Impact:
ChildLink as a phone line for resources for families with children birth to five has become obsolete since its inception on 2001. Recently ChildLink has been providing family engagement activities in the Kennedy Cluster area and ECS outreach across the county. While the work for families is helpful, the work does not Turn the Curve for those we support. Currently, Child Link work is primarily in schools and in the community, all of which have ceased since March. It is unclear due to COVID-19 when those activities will resume. Reduction would be effective Feb 1, 2021.

Expenditure Breakout:
001.64350.60036

Title: Reduce Child Care Subsidies Because of Lower Utilization Due to COVID		**Ref ID:**	S29
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-600,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-600,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:
These are naturally occurring savings due to parents' reluctance to send children to child care.

Expenditure Breakout:
001.64510.60016 and 60036

Title: Reduce Temporary Manpower for Child Welfare Services		**Ref ID:**	S36
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-5,067	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-5,067**	**Revenues:**	0

Justification for one-time reduction:

Impact:

These funds are typically used to provide clerical staff support during periods of extended absence due to FMLA and/or delayed HR recruitment. Funds have also been used to provide short-term, special project support via letter contracts. Need is possibly lessened during COVID. Impact: CWS will no longer be able to provide clerical support to units, when extended vacancies occur. A number of CWS clerical positions support 2-3 units. In addition, consultants can no longer be hired for short-term, critical projects such as case management/review, training, research, etc.

Expenditure Breakout:

005.64050.60168 and 60164

Title: Reduce Operating Expenses in Child Welfare Services		**Ref ID:**	S37
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-5,300	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-5,300**	**Revenues:**	0

Justification for one-time reduction:

Impact:

These funds are used to purchase medical supplies that support first aid/CPR certification and training, first aid kits, hand sanitizer, feminine hygiene products for client emergencies, educational materials/resources, etc.

Expenditure Breakout:

005.64050.60048

Title: Reduce Budget for Residential Rehab Supplemental Contracts		**Ref ID:**	S39
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-307,060	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-307,060**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Realign Residential Rehab Supplemental Contracts for Family Services, Cornerstone Montgomery Inc and Rock Creek Foundation for Mental Health Inc.
The County fund supplement subsidy was for administrative support for the programs dating back at least as decade. This level of service is billable through the fee for service system at rates which should be adequate to continue operations.

Expenditure Breakout:

003.62065.60198 $736,945
003.62065.60190 $63,489

Title: Realign Budget for Local Behavioral Health Authority to Reflect Fee for Service Contracts		**Ref ID:**	S44
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-200,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-200,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Realign budget for Local Behavioral Health Authority contracts for services that are billable through the fee for services system.

Expenditure Breakout:

003.62310.60076 $200,000

Title: Delay Alignment of Local Behavioral Health Authority - Substance Abuse Projects		**Ref ID:**	S46
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-100,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-100,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Delay alignment of substance abuse projects.

Expenditure Breakout:

001.62602.60086 $100,000

Title: Reduce Brokers and Temporary Staff in the Office of the Chief Operating Officer		**Ref ID:**	S51
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-186,831	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-186,831**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Reduce broker and temps budget in Fiscal and Chief's Office.

Expenditure Breakout:

001.60670.60062 $95,141
001,60670,60168 $23,020
001.60500.60062 $68,670

Title: Realign Maternity Partnership Program Budget to Reflect Updated Enrollment Projections		**Ref ID:**	S62
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-120,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-120,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The total projected enrollment for FY21 is around 1,500. This reductions assumes 152 less enrollees than currently budgeted for at a cost/savings of $785 each. The impact from a reduction will not be felt, unless the trend changes and we see an increased number of women.

Expenditure Breakout:

Title: Reduce In Person Translation Services Due to COVID — **Ref ID:** S68

Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-80,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-80,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The contract provides in-person interpreters and translation services. The use of in-person interpretation has reduced drastically due to closure/limitations of services such as Dental, School Based Wellness Centers, and in-home visits. This item represents the current projected savings in the contract.

Expenditure Breakout:

004.61400.60534

Title: Asian American Health Initiative, Reduction Due to Delayed Hiring of Community Health Worker Contractors — **Ref ID:** S75

Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-54,891	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-54,891**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Savings from delays in hiring contractors.

Expenditure Breakout:

004.61330.60054

Title: Latino Health Initiative, Health Promoters Program Funded by Por Nuestra Salud y Bienestar Initiative — **Ref ID:** S79

Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-7,628	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-7,628**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Funds allocated for promotional items to support health promoters' efforts to address health disparities via health promotion and community education activities will be eliminated because they are already being provided by the Por Nuestra Salud y Bienestar initiative.

Expenditure Breakout:

004.61320.60054

Title: Latino Health Initiative, Reduce "Ama tu Vida" Annual Health Fair Campaign and Newsletters Due to COVID		**Ref ID:**	S80
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-10,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-10,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Annual health fair, serving approximately 2500 community members, will be cancelled due to COVID. In addition, promotion of Ama Tu Vida campaign through newsletters and other promotional efforts will be eliminated.

Expenditure Breakout:

004.61320.60190

Title: Latino Health Initiative, Reduce Environmental Intervention Program Due to COVID		**Ref ID:**	S81
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-15,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-15,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Breadth of environment / climate related intervention targeting Latino communities will be reduced due to COVID. Initial intervention plans including the development of culturally competent educational and promotional materials, and other large scale group educational activities will be replaced by lower cost interventions such as social media.

Expenditure Breakout:

004.61320.60054

Title: Latino Health Initiative, Reduce Miscellaneous Operating Expenses Due to COVID		**Ref ID:**	S84
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-54,543	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-54,543**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Reduction in miscellaneous operating expenses due to COVID including meals, conferences, office supplies, postage.

Expenditure Breakout:

004.61320.69016 $4,182
004.61320.60158 $12,500
004.61320.64408 $2,500
004.61320.62946 $6,000
004.61320.62010 $4,000
004.61320.64102 $800
004.613202.6999 $5,200

Title: African American Health Program, Reduce Funding for Data Services No Longer Needed		**Ref ID:**	S85
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-47,750	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-47,750**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The elimination of the data services does not impede the data collection tool, persons served nor outcomes of each program. The data collection tool is operational and data is being entered with no issues at this time.

Expenditure Breakout:

004.61310.60076

Title: African American Health Program, Reduce Facility Space Funding Due to COVID		**Ref ID:**	S87
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-4,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-4,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Funds are used to address the use of facility space for community meetings for Data Summit, World AIDS Day, Expert Speakers, light refreshments & promotional items. Inability to hold these events due to COVID.

Expenditure Breakout:

Title: Reduce General Fund Budget for Preventive Services for Mammograms and Colonoscopies that Can Be Provided Through the County Cancer Control Program		**Ref ID:**	S91
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-98,527	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-98,527**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Reduce the preventative services budget and transition patients to receive these services through the County's Cancer Control programs.

Expenditure Breakout:

Title: African American Health Program, Reduce Miscellaneous Operating Expenses Due to COVID		**Ref ID:**	S94
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-19,949	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-19,949**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Reduce budget for miscellaneous operating expenses including travel, meetings, parking, rentals. Reductions are anticipated savings due to COVID.

Expenditure Breakout:

Title: Reduce Linkages to Learning (LTL) and School and Community Youth Services (SCYS) Contracts Due to Contractor Vacancies		**Ref ID:**	S100
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-160,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-160,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Projected savings in various Linkages to learning and SCYS contracts for FY21 due to contractor vacancies.

Expenditure Breakout:

Housing and Community Affairs

General Fund

Title: Increase Lapse of Vacant Position		**Ref ID:**	S1
Personnel Costs:	-14,720	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-14,720**	**Revenues:**	0

Justification for one-time reduction:

Impact:

No service impact.

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	015277	SENIOR PLANNING SPECIALIST	Permanent	MCGEO - Office, Professional, and Technical (OPT)	0	0	-14,720	0	0	0.00
						Totals:		**-14,720**	**0**	**0**	**0.00**

Human Resources

General Fund

Title: Lapse Savings		**Ref ID:**	S1
Personnel Costs:	-310,000	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-310,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:
Existing vacancies will remain unfilled to recover stated lapse savings.

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY					0	0	-310,000	0	0	0.00
						Totals:		**-310,000**	**0**	**0**	**0.00**

Title: Lab Services - OMS		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-75,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-75,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:
No impact on services, as this utilizes a carryover purchase order.

Expenditure Breakout:

Human Rights
General Fund

Title: Lapse Vacant Investigator II Position & Reduce Operating Expenses		**Ref ID:**	S1
Personnel Costs:	-33,049	**FT Positions:**	1
Operating Expenses:	-15,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	1.00
Total Expenditure:	**-48,049**	**Revenues:**	0

Justification for one-time reduction:

Impact:
This newly created position (during FY21 operating budget development) is vital to support and meet the demands of various legislation enacted by Council . The position is currently vacant, therefore, four months of lapse savings can be achieved. The Commission is starting the recruitment process.

Expenditure Breakout:
-$33,049 - Lapse Savings
-$15,000 - Operating Expenses

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY		INVESTIGATOR II		MCGEO - Office, Professional, and Technical (OPT)	1	0	-33,049	1	0	1.00
						Totals:		**-33,049**	**1**	**0**	**1.00**

Inspector General

General Fund

Title: Lapse Savings due to delayed Hiring		**Ref ID:**	S1
Personnel Costs:	-171,000	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-171,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The OIG will contribute $171,000 in anticipated lapse from the delay of hiring. Delaying hiring has impacted the OIG's capacity to perform audits and inspections of principal departments as required by Bill 11-19 in this year. While this is a major concern, once the OIG is fully staffed in January, the work will continue, with a goal of completing two to three new inspections or audits by year end.

Expenditure Breakout:

Lapse is achieved by vacancy savings in position numbers: #18794 (started 12/6/20), #18795 (started 12/20/20), #015756 (start date 1/3/21) and #012073 (no start date established yet)

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	15756	MANAGER III		Management Leadership Services (MLS)	1	0	-60,100	0	0	0.00
Misc.	CY	12073	ASSISTANT INSPECTOR GENERAL III*		Non-Represented	1	0	-40,000	0	0	0.00
Misc.	CY	18794	ASSISTANT INSPECTOR GENERAL II		Non-Represented	0	1	-27,000	0	0	0.00
Misc.	CY	18795	ASSISTANT INSPECTOR GENERAL I		Non-Represented	0	1	-43,900	0	0	0.00
						Totals:		**-171,000**	**0**	**0**	**0.00**

Intergovernmental Relations

General Fund

Title: Eliminate Professional Services Contract Related to Federal Real Estate Services		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-40,002	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-40,002**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The decrease in Professional Services will eliminate the federal real estate contract for services related to attracting and retaining federal facilities and jobs in Montgomery County. The Office of Intergovernmental Relations will attempt to absorb as many of the contract services as possible; however, there will be a service impact because of the loss of specialty expertise that is provided by the contractor. (Note: The Office of Intergovernmental Relations has limited ability to decrease or reduce costs other than the professional services account, as other accounts cover the general day-to-day operating expenses of the office.)

Expenditure Breakout:

Decrease Professional Services Account 60530 by $40,002.

NDA - Legislative Branch Communications Outreach

General Fund

Title: Reduce Operating Expenses		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-10,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-10,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:

Title: Lapse Positions		**Ref ID:**	S1
Personnel Costs:	-179,881	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-179,881**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	018862		Permanent		0	0	-48,914	0	0	0.00
Misc.	CY	000835	PUBLIC INFORMATION OFFICER II*		Non-Represented	0	0	-51,989	0	0	0.00
Misc.	CY		PUBLIC INFORMATION OFFICER II*		Non-Represented	0	0	-78,978	0	0	0.00
						Totals:		**-179,881**	**0**	**0**	**0.00**

Parking District Services

Bethesda Parking

Title: Planned Reduction to Personnel: Bethesda PLD		**Ref ID:**	S1
Personnel Costs:	-56,373	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-56,373**	**Revenues:**	0

Justification for one-time reduction:

Impact:
PDS does not anticipate an service impact to this reduction in FY21.

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Other PC Change	CY					0	0	-56,373	0	0	0.00
						Totals:		**-56,373**	**0**	**0**	**0.00**

Title: Planned Reduction in Operating Expenses: Bethesda PLD		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-798,038	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-798,038**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:
Reductions to:
Maintenance (-164,000)
Cashier Services (-4,000)
Parking Enforcement (-81,000
Ticket/Meter Collection (-147,000)
Utilities (-292,038)
Garage Management (-110,000)

Wheaton Parking

Title: Planned Reduction to Personnel: Wheaton PLD		**Ref ID:**	S1
Personnel Costs:	-8,734	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-8,734**	**Revenues:**	0

Justification for one-time reduction:

Impact:
PDS does not anticipate a service impact to this reduction in FY21.

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Other PC Change	CY					0	0	-8,734	0	0	0.00
						Totals:		**-8,734**	**0**	**0**	**0.00**

Title: Planned Reduction to Operating: Wheaton PLD		**Ref ID:** S1	
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-120,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-120,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:
PDS does not anticipate a service impact to this reduction in FY21.

Expenditure Breakout:
Reductions to:
Maintenance (-73,000)
Cashier Services (-1,000)
Parking Enforcement (-12,000)
Ticket/Meter Collection (-13,000)
Utilities (-10,000)
Garage Management (-2,000)
Supplies and Equipment (-9,000)

Police

General Fund

Title: Reduce the Police Officer Candidate Class scheduled in the winter of 2021 from 22 to 14		**Ref ID:** S1	
Personnel Costs:	-295,131	**FT Positions:**	0
Operating Expenses:	-166,408	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-461,539**	**Revenues:**	0

Justification for one-time reduction:

Impact:
This will reduce the POC class currently scheduled for the winter of 2021 to 14 POCs, which is budgeted at 22 POCs. This will cause the department to fall 8 POCs behind in keeping up with attrition. While this is not ideal, it is necessary to achieve the cost savings to meet the round 2 FY21 savings plan target.

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Other PC Change	CY					0	0	-295,131	0	0	0.00
							Totals:	**-295,131**	**0**	**0**	**0.00**

Title: Reduce overtime		**Ref ID:** S3	
Personnel Costs:	-1,750,000	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-1,750,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

We do not anticipate an adverse impact on service by achieving the savings in overtime because we anticipate the court system to be shut down and/or operate at a reduced level until the pandemic vaccines significantly reduce the impact of the pandemic.

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY			Temporary		0	0	-1,750,000	0	0	0.00
						Totals:		**-1,750,000**	**0**	**0**	**0.00**

Title: Reduce operating expenses department-wide		**Ref ID:**	S4
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-2,803,445	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-2,803,445**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:

Public Libraries

General Fund

Title: Reduce Contractual Services to Reflect Services Being Provided Virtually at a Lower Cost		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-251,640	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-251,640**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no service impact due to these contractual cost reductions because MCPL is providing services virtually at a lower cost and not undertaking any new programs.

Expenditure Breakout:

Title: Reduce Office Equipment Repair/Maintenance Costs		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-5,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-5,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no service impact due to the reduction of the repair/maintenance budget.

Expenditure Breakout:

Title: Reduce Office Supplies, Materials, and Equipment Costs Because of Branch Facility Closures		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-63,600	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-63,600**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no service impact to the cost reductions for office supplies, materials & equipment because the current branch closures and virtual programming lessen the need for these items.

Expenditure Breakout:

Title: Reduce Office Furniture Budget		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-5,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-5,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no service impact to the reduction of the office furniture budget.

Expenditure Breakout:

Title: Reduce Central Duplicating (Printing and Bulk Postage) Costs		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-27,773	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-27,773**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no service impact to these central duplication (printing & bulk postage) budget reductions.

Expenditure Breakout:

Title: Reduce Staff Training Costs		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-8,900	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-8,900**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no service impact with this reduction.

Expenditure Breakout:

Title: Reduce Travel, Advertising, and Miscellaneous Costs		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-34,450	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-34,450**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no service impact to these one-time budget reductions.

Expenditure Breakout:

Title: Increase Library Lapse Savings to Reflect Projections		**Ref ID:**	S1
Personnel Costs:	-174,990	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-174,990**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Other PC Change	CY					0	0	-174,990	0	0	0.00
						Totals:		**-174,990**	**0**	**0**	**0.00**

Title: Reduce Library Materials Budget by $250,000		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-250,000	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-250,000**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Expenditure Breakout:

Title: Reduce Library Pages Budget Because Activities Can Be Performed by MCPL Staff While Branches are Closed to the Public		**Ref ID:**	S4
Personnel Costs:	-172,050	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-172,050**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no service impact during FY21 because most of the work can be performed by current merit staff while the branches are closed to the public. The need for Library Pages will return once the branches re-open.

Expenditure Breakout:

($172,050) PC reduction for Library Pages

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY					0	0	-172,050	0	0	0.00
						Totals:		**-172,050**	**0**	**0**	**0.00**

Recreation

Recreation

Title: Provide Same Level Service (FY20) for Youth Development Programming and Delay Launch of New Excel Beyond the Bell Sites. **Ref ID:** S1

Personnel Costs:	-252,047	**FT Positions:**	0
Operating Expenses:	-399,720	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-651,767**	**Revenues:**	0

Justification for one-time reduction:

Impact:

The impact of this savings is the elimination in FY21 of afterschool programming at four elementary schools and three high schools, along with the career and seasonal staff support due to the COVID19 pandemic. We will provide continued out-of-school time programming for existing sites and locations, but not attempt new programming at proposed additional sites

Expenditure Breakout:

PC (EXP01): $252,047 seasonal staff; OE (EXP02): $399,720 Operating Expenses. Partial year funding for 7 afterschool sites.

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Other PC Change	CY		RECREATION ASSISTANT V	Temporary	Non-Represented	0	0	-252,047	0	0	0.00
						Totals:		**-252,047**	**0**	**0**	**0.00**

Title: Department Wide Seasonal Funding Savings **Ref ID:** S2

Personnel Costs:	-102,765	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-102,765**	**Revenues:**	0

Justification for one-time reduction:

Impact:

There is no impact to services due to mandated closures related to the COVID19 pandemic restrictions.

Expenditure Breakout:

PC (EXP01): $102,765 seasonal

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Other PC Change	CY		RECREATION ASSISTANT V	Temporary	Non-Represented	0	0	-102,765	0	0	0.00
						Totals:		**-102,765**	**0**	**0**	**0.00**

State's Attorney

General Fund

Title: Hold Three Contractual Assistant State's Attorney Positions Vacant **Ref ID:** S5

Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-68,265	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-68,265**	**Revenues:**	0

Justification for one-time reduction:

Impact:
Three contractual Assistant State's Attorney positions will remain unfilled.

Expenditure Breakout:
Cost Center: 11300
OE: -68265

Technology Services

General Fund

Title: Lapse Sr Info Technology Spec **Ref ID:** S1

Personnel Costs:	-118,930	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-118,930**	**Revenues:**	0

Justification for one-time reduction:

Impact:
No impact. Position is being backfilled by contractor.

Expenditure Breakout:
-118,930

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	000698	SENIOR INFORMATION TECHNOLOGY SPECIALIST*	Permanent	Non-Represented	1	0	-118,930	0	0	0.00
						Totals:		**-118,930**	**0**	**0**	**0.00**

Title: Lapse Program Specialist II **Ref ID:** S1

Personnel Costs:	-39,894	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-39,894**	**Revenues:**	0

Justification for one-time reduction:

Impact:

No impact. Position being backfilled by contractor.

Expenditure Breakout:

-$39,894 Note: Full cost of position is $90,389 but will lapse only -$39,894

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	013858		Permanent		1	0	-39,894	0	0	0.00
						Totals:		**-39,894**	**0**	**0**	**0.00**

Title: Lapse Sr Info Technology Spec (New Unclassified Position) **Ref ID:** S1

Personnel Costs:	-89,197	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-89,197**	**Revenues:**	0

Justification for one-time reduction:

Impact:

No impact. Position being backfilled by contractor.

Expenditure Breakout:

-$89,197

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	NEW Position (	SENIOR INFORMATION TECHNOLOGY SPECIALIST*	Permanent	Non-Represented	1	0	-89,197	0	0	0.00
						Totals:		**-89,197**	**0**	**0**	**0.00**

Title: Lapse Sr Info Technology Spec (New Unclassified Position) **Ref ID:** S1

Personnel Costs:	-89,197	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-89,197**	**Revenues:**	0

Justification for one-time reduction:

Impact:

No impact. Position being backfilled by contractors.

Expenditure Breakout:

-$89,921

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	NEW Position (	SENIOR INFORMATION TECHNOLOGY SPECIALIST*	Permanent	Non-Represen ted	1	0	-89,197	0	0	0.00
					Totals:			**-89,197**	**0**	**0**	**0.00**

Title: Lapse Sr Info Technology Spec (New Unclassified Position)		**Ref ID:**	S1
Personnel Costs:	-89,197	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-89,197**	**Revenues:**	0

Justification for one-time reduction:

Impact:

No impact. Position being backfilled by contractor.

Expenditure Breakout:

-$89,921

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	New Position 0!	SENIOR INFORMATION TECHNOLOGY SPECIALIST*		Non-Represen ted	1	0	-89,197	0	0	0.00
					Totals:			**-89,197**	**0**	**0**	**0.00**

Title: Lapse Sr. Info Technology Spec		**Ref ID:**	S1
Personnel Costs:	-89,197	**FT Positions:**	0
Operating Expenses:	0	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-89,197**	**Revenues:**	0

Justification for one-time reduction:

Impact:

No impact. Contractor backfilling position.

Expenditure Breakout:

-$89,921

Workforce Changes:

Action	CY/NY	POS#	JobClass	Position Descr	BargUnit	Vac	Fill	PC	FT	PT	FTE
Misc.	CY	New Position 0ї	SENIOR INFORMATION TECHNOLOGY SPECIALIST*		Non-Represen ted	1	0	-89,197	0	0	0.00
					Totals:			**-89,197**	**0**	**0**	**0.00**

Transit Services

Mass Transit

FY21 REVISED SPENDING PLAN DESCRIPTION/JUSTIFICATION OF CHANGES

Round - 2 (CE Recommended)

Title: Motorpool Reduction Due to Less Service in Operation		**Ref ID:**	S1
Personnel Costs:	0	**FT Positions:**	0
Operating Expenses:	-1,384,008	**PT Positions:**	0
Capital Outlay:	0	**FTEs:**	0.00
Total Expenditure:	**-1,384,008**	**Revenues:**	0

Justification for one-time reduction:

Impact:

Transit will be able to continue current level of service with this reduction.

Expenditure Breakout: