



Committee: GO
Committee Review: Completed
Staff: Carlos Camacho, Legislative Analyst
Purpose: To make preliminary decisions – straw vote expected
Keywords: #OMB; #FY22OperatingBudget

AGENDA ITEM #6
 May 12, 2021
Worksession

SUBJECT

Office of Management and Budget FY22 Operating Budget

EXPECTED ATTENDEES

None

FY22 COUNTY EXECUTIVE RECOMMENDATION

Office of Management and Budget	FY21 Approved	FY22 CE Recommended	Change from FY21 Approved
Total Expenditures (General Fund)	\$6,380,762	\$6,418,437	0.6%
Personnel Costs	\$6,089,601 41.25 FTEs	\$6,137,131 41.25 FTEs	0.8% 0.0 FTEs
Operating Costs	\$291,161	\$281,306	(3.4%)

COMMITTEE RECOMMENDATIONS

- The Committee recommends approval of the FY22 Office of Management and Budget (OMB) Operating Budget as submitted by the County Executive.

This report contains:

Staff Report

Pages 1- ©7

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FY22 Operating Budget: Committee Consent Calendar

GO Committee #5M

April 26, 2021

Department/Office: Office of Management and Budget (OMB)

Staff: Carlos Camacho, Legislative Analyst

1. Staff Recommendation

Council staff recommends approval of the FY22 Office of Management and Budget as submitted by the County Executive.

2. Summary of FY22 Recommended Budget

The County Executive’s complete FY22 Recommended Operating Budget for OMB is attached at ©1-4.

Office of Management and Budget	FY21 Approved	FY22 CE Recommended	Change from FY21 Approved
General Fund	\$6,380,762	\$6,418,437	\$37,675
Personnel Costs	\$6,089,601 41.25 FTEs	\$6,137,131 41.25 FTEs	0.8% --
Operating Costs	\$291,161	\$281,306	(3.4%)
Total Expenditures (All Funds)	\$6,380,762 41.25 FTEs	\$6,418,437 41.25 FTEs	0.6% --

General Fund - No Service Impact

- Increase of \$175,145 for FY21 and FY22 compensation and benefit adjustments.
- Increase of \$5,145 for print and mail adjustments.
- Decrease of \$127,615 in lapse funding, which will delay the hiring of positions but will not impact services or operations in FY22.
- A 15,000 decrease for one-time operating expenses approved in FY21 associated with the merger of the Performance Analysis Team (CountyStat) and the creation of the Shared Services Team. The Shared Services Team provides core administrative and business functions to smaller County departments and offices to allow those departments and offices to focus their duties directly on their core missions and functions.

3. Suggested Discussion Items for Fall Overview Session

- Strategy for the incorporation of additional racial equity and social justice tools and analysis into future budget processes.
- Update on the functioning of the Shared Service Teams.

- Review the process of creating, evaluating, and improving performance metrics for County departments and programs.

4. Racial Equity and Social Justice

- OMB staff received training in FY21 from the Director of the Office of Racial Equity and Social Justice (ORESJ) on how to incorporate a racial equity and social justice lens into budget analyses.
- OMB worked with ORESJ, the Council of Governments (COG), Maryland-National Capital Park and Planning Commission (M-NCPPC), and Department of Technology Services (DTS) to map all current and proposed CIP projects to specific census tracts with related demographic income and ethnicity data. OMB has also incorporated data regarding census tracts that COG has identified as Emphasis Equity Areas due to high ratios of concentration of low-income population and/or minority groups with respect to regional averages.
- OMB has also developed reports to evaluate the likely equity impacts of possible changes to the CIP to assist in budget decisions and is in the process of setting up training for Council staff on these tools.
- OMB worked with ORESJ to prompt departments to integrate racial equity into their program proposals (budget requests) at the proposal development phase.
- Due to the County’s uncertain fiscal situation due to the COVID-19 pandemic, OMB prepared two savings plans in FY21 and solicited budget reduction recommendations from departments for FY22. By using an equity lens, departments, OMB, and the County Executive ruled out many potential reductions from consideration. Similarly, new or expanded recommended CIP projects and operating budget additions looked to address issues related to racial equity and social justice.
- OMB will continue to work with ORESJ to provide training to County staff to facilitate more meaningful equity analysis and program design; find new ways to incorporate input from marginalized communities earlier into the budget process; consider equity implications of base budget programs; and develop additional analytical tools to facilitate equitable budgeting.

5. Attachments

- OMB FY22 Recommended Budget ©1-4
- Memo from OMB Director on RESJ and the FY22 Budget ©5-7



Management and Budget

RECOMMENDED FY22 BUDGET

\$6,418,437

FULL TIME EQUIVALENTS

41.25

✻ JENNIFER BRYANT, DIRECTOR

MISSION STATEMENT

The Office of Management and Budget (OMB) offers a broad-based, objective perspective on public policies, fiscal policies, and performance management to the County Executive, County Council, and other County partners. The analytical work performed in OMB provides policymakers with data and options to make informed decisions and supports the goals of advancing Racial Equity and Social Justice as well as addressing climate change. The Office supports and enhances the effective operation of County government, ensuring funds are spent in the most fiscally prudent and socially responsible way, and that performance objectives are achieved. OMB also ensures that County expenditures are made in accordance with Executive polices and Council appropriations, consistent with the County Charter.

BUDGET OVERVIEW

The total recommended FY22 Operating Budget for the Office of Management and Budget is \$6,418,437, an increase of \$37,675 or 0.59 percent from the FY21 Approved Budget of \$6,380,762. Personnel Costs comprise 95.62 percent of the budget for 41 full-time position(s) and one part-time position(s), and a total of 41.25 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 4.38 percent of the FY22 budget.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following is emphasized:

◆ **Effective, Sustainable Government**

PROGRAM CONTACTS

Contact Chris Mullin of the Office of Management and Budget at 240.777.2772 for more information regarding this department's operating budget.

PROGRAM PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable). The FY21 estimates reflect funding based on the FY21 Approved Budget. The FY22 and FY23 figures are performance targets based on the FY22 Recommended Budget and funding for comparable service levels in FY23.

Measure	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Program Measures					
Public engagement with budget: Attendance at budget forums ¹	560	N/A	500	500	500
Overall Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award ratings: Percent rated outstanding or proficient ²	96.8%	96.8%	96.8%	96.8%	96.8%
Percent of staff satisfied with usefulness of OMB IT systems ³	85%	N/A	N/A	87%	90%

¹ In person budget forums were suspended in 2020 due to social distancing restrictions related to COVID-19, and budget forums transitioned to an online platform.

² The fiscal year shown for GFOA rating corresponds to the fiscal year during which the budget was prepared (e.g. FY20 GFOA results apply to FY21 budget document, which was prepared during FY20).

³ Survey not administered in FY20 or FY21 due to outcome budgeting implementation and COVID-19

PROGRAM DESCRIPTIONS

☼ Fiscal, Policy, and Performance Analysis

The Fiscal, Policy, and Performance Analysis Program is comprised of three teams: the Fiscal and Policy Analysis Team, the Performance Analysis Team (CountyStat), and the Shared Services Team. Together, these teams ensure prudent management of County resources and services to achieve desired outcomes. Staff on the Fiscal and Policy Analysis Team prepare the County's Operating and Capital Budgets, Public Services Program, and Capital Improvement Program ensuring compliance with the County Charter and the decisions of elected officials. The Performance Analysis Team provides data analytics services to improve performance and support for ongoing monitoring the effectiveness of County government services to improve performance, reinforce accountability, and focus on results. The Shared Services Team promotes the efficient use of County resources by providing core administrative and business functions to smaller County departments and offices, thereby allowing those departments and offices to focus their duties directly on their core missions and functions.

BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,697,178	4,916,789	4,106,495	4,962,657	0.9 %
Employee Benefits	1,079,095	1,172,812	1,041,667	1,174,474	0.1 %
County General Fund Personnel Costs	4,776,273	6,089,601	5,148,162	6,137,131	0.8 %
Operating Expenses	213,368	291,161	264,644	281,306	-3.4 %
County General Fund Expenditures	4,989,641	6,380,762	5,412,806	6,418,437	0.6 %
PERSONNEL					
Full-Time	33	41	41	41	---
Part-Time	1	1	1	1	---
FTEs	33.25	41.25	41.25	41.25	---

FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY21 ORIGINAL APPROPRIATION	6,380,762	41.25
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: FY21 Compensation Adjustment	128,970	0.00
Increase Cost: FY22 Compensation Adjustment	45,554	0.00
Increase Cost: Print and Mail Adjustment	5,145	0.00
Increase Cost: Retirement Adjustment	621	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY21	(15,000)	0.00
Decrease Cost: Increase lapse [Fiscal, Policy, and Performance Analysis]	(127,615)	0.00
FY22 RECOMMENDED	6,418,437	41.25

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY21 Total\$	FY21 FTEs	FY22 Total\$	FY22 FTEs
COUNTY GENERAL FUND					
Human Resources	Employee Health Self Insurance	99,619	0.50	99,619	0.50

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY22	FY23	FY24	FY25	FY26	FY27
COUNTY GENERAL FUND						
EXPENDITURES						
FY22 Recommended	6,418	6,418	6,418	6,418	6,418	6,418
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY22	0	(128)	(128)	(128)	(128)	(128)
Items recommended for one-time funding in FY22, including (fill in major item names based on your Competition List), will be eliminated from the base in the outyears.						
Labor Contracts	0	99	99	99	99	99
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	6,418	6,389	6,389	6,389	6,389	6,389

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MONTGOMERY COUNTY MARYLAND
ROCKVILLE, MARYLAND 20850

MEMORANDUM

April 2, 2021

TO: Tom Hucker, President, County Council

FROM: Jennifer Bryant, Director, Office of Management and Budget
Tiffany Ward, Director, Office of Racial Equity and Social Justice

SUBJECT: Racial Equity and the FY22 Recommended Capital and Operating Budgets

Background

In the Fall of 2020, Office of Management and Budget (OMB) staff received training from the Director of the Office of Racial Equity and Social Justice (ORESJ). This training and facilitated discussion helped to equip analysts with some of the tools and thought processes they could use in bringing a racial equity lens to their analyses. The ORESJ Director urged OMB and departments to consider who benefits and who is burdened by budget proposals to avoid negatively impacting communities that are already marginalized, and to ask departments how their program proposals promoted equity.

Working closely with ORESJ, OMB ramped up incorporating racial equity and social justice considerations into the budget process to ensure that budget decisions were made to advance racial equity considerations in the County, with the intent to advance racial equity and social justice thinking on all fronts. This has included:

- Instructing departments to consider these factors in proposing potential budget reductions and additions;
- Discussing the equity dynamics of proposed budget changes during the OMB, department head, and County Executive budget review meetings;
- Including representatives from ORESJ in County Executive budget meetings;
- Meeting with Council of Government (COG) and Maryland-National Capital Park and Planning Commission (M-NCPPC) staff to understand the equity data and related analysis those agencies have been developing, and how it might be used in OMB's budget analyses;
- Extracting data from Montgomery County Public Schools' (MCPS) most recent budget book publication related to FARMS rates and ethnicity composition per school and linking those data points to MCPS' Capital Improvement Program (CIP) projects; and
- Explaining to the community during CIP Resident Advisory Board and Operating Budget Forums the importance of incorporating racial equity and social justice considerations into the budgeting process.

Racial Equity and Social Justice in the Capital Budget

In some respects, it has been easier to develop CIP racial equity and social justice analysis tools because facilities have concrete locations that can be mapped and compared to easily available demographic data. As a result, OMB has worked with ORESJ, COG, M-NCPPC, and the DTS to map all current and proposed CIP projects to specific census tracts with the related demographic income and ethnicity data. OMB has also incorporated data regarding census tracts that COG has identified as Emphasis Equity Areas due to high ratios of concentration of low-income population and/or minority groups with respect to regional averages.

OMB, using COG's methodology, has also determined the equivalent values for ratios of concentration per ethnic group, low income, and equity emphasis areas with respect to the County's averages. OMB has also incorporated MCPS ethnicity and FARMS data into its data systems so that proposed MCPS and related Department of Health and Human Services (DHHS) projects (i.e. Linkages to Learning) can be understood in the context of the communities they serve. Using this data, OMB has developed reports that were used to evaluate the likely equity impacts of possible changes to the CIP. OMB will continue developing and making available reports to assist in budget decisions. These reports and related maps will be available to Council staff, and OMB is in the process of setting up training for Council staff on these tools.

Racial Equity and Social Justice in the Operating Budget

For the FY22 operating budget development process, OMB, working with ORESJ, developed and dedicated a section of the program proposal form to addressing racial equity. The purpose was to prompt departments to integrate racial equity into their program proposals (budget requests) at the proposal development phase. Departments were:

- Provided a definition of racial equity; and
- Were asked the following guiding questions:
 - Does your department use quantitative and qualitative data to track program access and/or service outcomes for different population groups?
 - Which community residents will potentially benefit the most from your program proposal or be burdened by your program proposal?
 - How does the program promote racial equity?

OMB received a variety of responses to the questions posed. Some departments were able to provide more refined answers because of the nature of their core mission. For example, DHHS largely already applies a racial equity lens to their budget requests because many of the residents served are from marginalized communities. In preparing their analyses, OMB analysts actively discussed the responses to the racial equity questions with department staff and directors, considered how those thought processes can be incorporated into recommendations, and presented those recommendations to the County Executive for consideration.

The results of these efforts primarily fall into two categories – potential budget reductions not taken and budget additions. When OMB began the budget development cycle, the fiscal picture was uncertain and potentially very bleak. As a result, OMB had to prepare two savings plans, and solicited budget reduction recommendations from departments for FY22. By using an equity lens, departments, OMB, and the County Executive ruled out many potential reductions from consideration. For example, CIP amendments did not delay funding for any projects in Equity Emphasis Areas unless there were other factors that would have necessitated delays, and many program reduction proposals that would have largely impacted marginalized communities were

rejected out of hand. Similarly, new or expanded recommended CIP projects (i.e. Linkages to Learning, Homeless Shelter) and operating budget additions (such as the expansion of the Working Families Income Supplement program and the budget actions surrounding reimagining public safety) generally address issues that relate to racial equity and social justice.

Future

ORESJ is using, in part, the methodology taught by GARE (Government Alliance on Race & Equity) to develop plans to address racial equity challenges. Some of the stages to implementation are:

- Normalize;
- Organize; and
- Operationalize.

As part of the implementation of the County's Racial Equity and Social Justice initiative, the ORESJ will:

- Perform an equity assessment to identify the County policies and practices that do not advance racial equity and that must be modified to address racial disparities;
- Develop metrics to measure the progress in redressing disparate outcomes based on race and social justice;
- Work with County departments to develop racial equity and social justice action plans to remedy issues adversely impacting county residents;
- Provide training to County employees on racial equity and social justice; and
- Develop short-term goals and long-term plans to redress disparate outcomes based on race and social justice as well as develop metrics to measure success and progress.

The incorporation of more robust racial equity and social justice tools into the budget process will be iterative. OMB will work with ORESJ to:

- Provide broader training to County staff to facilitate more meaningful equity analysis and program design;
- Find new ways to incorporate the input of marginalized communities earlier into the budget process;
- Consider the equity implications of base budget programs; and
- Develop additional analytical tools to facilitate equitable budgeting.

JB/TW;jw

Attachments: Capital Budget Reports

c: Richard S. Madaleno, Chief Administrative Officer
Fariba Kassiri, Deputy Chief Administrative Officer
Dale Tibbitts, Special Assistant to the County Executive
Debbie Spielberg, Special Assistant to the County Executive