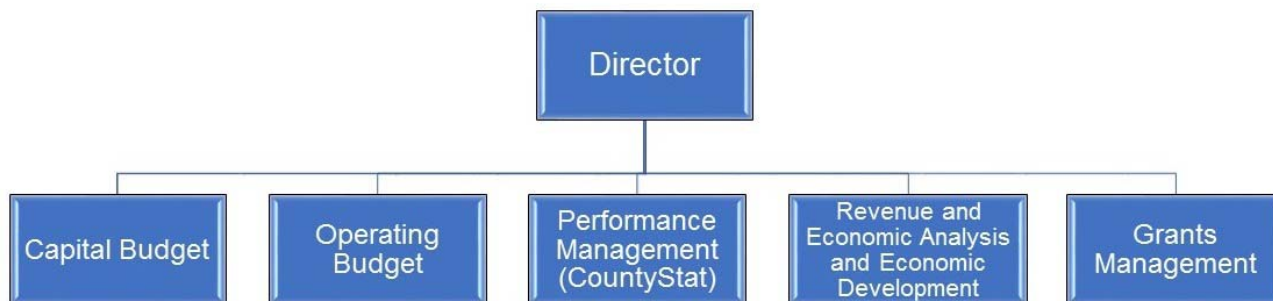


# Office of Management and Budget



## MISSION AND SERVICES

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

### CORE SERVICES

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

### FY 2024 KEY ACCOMPLISHMENTS

- Completed the submission of required federal reports related to the Coronavirus State and Local Fiscal Recovery Funds program.
- Provided a grant workshop to community organizations regarding the FY 2024 Local Development Council Local Impact Grant program.

### STRATEGIC FOCUS AND INITIATIVES FOR FY 2025

The office’s top priorities in FY 2025 are:

- Maintain the County’s General Fund balance at or above 9% of the General Fund budget.
- Provide regular reporting to the Office of the County Executive in order to identify potential revenue shortfalls or agency overspending and take corrective action where appropriate.
- Monitor capital spending and the use of bond proceeds to ensure the long-term affordability of the County’s capital improvement program.

- Collaborate with County staff agencies to improve the delivery of services to internal and external customers with a particular focus on position management.

## FY 2025 BUDGET SUMMARY

The FY 2025 proposed budget for the Office of Management and Budget is \$4,102,900, a decrease of -\$102,000 or -2.4% under the FY 2024 approved budget.

### Expenditures by Fund Type

Fund Types	FY 2023 Actual		FY 2024 Budget		FY 2024 Estimate		FY 2025 Proposed	
	Amount	% Total	Amount	% Total	Amount	% Total	Amount	% Total
General Fund	\$3,405,748	100.0%	\$4,204,900	100.0%	\$4,109,200	100.0%	\$4,102,900	100.0%
<b>Total</b>	<b>\$3,405,748</b>	<b>100.0%</b>	<b>\$4,204,900</b>	<b>100.0%</b>	<b>\$4,109,200</b>	<b>100.0%</b>	<b>\$4,102,900</b>	<b>100.0%</b>

### Reconciliation from Prior Year

	Expenditures
<b>FY 2024 Approved Budget</b>	<b>\$4,204,900</b>
<b>Increase Cost: Compensation - Mandated Salary Requirements</b> — Annualization of FY 2024 offset by the unfunding of one position	\$47,600
<b>Increase Cost: Fringe Benefits</b> — Increase in fringe benefit expenses to align with projected costs; the fringe benefit rate increases from 31.7% to 32.0%	23,900
<b>Increase Cost: Operating</b> — Increase in funding for printing and memberships to align with projected costs	6,200
<b>Increase Cost: Technology Cost Allocation</b> — Increase in OIT charges based on anticipated countywide costs for technology	6,100
<b>Decrease Cost: Operating</b> — Reduction in the budget for supplies, advertising, telephone and mileage reimbursement, software and contractual service costs to align with historical spending	(23,800)
<b>Decrease Cost: Recovery Increase</b> — Increase to reflect recoveries from the American Rescue Plan Act (ARPA) grant program for three employees as well as the annualization of FY 2024 salary adjustments for capital budget staff	(162,000)
<b>FY 2025 Proposed Budget</b>	<b>\$4,102,900</b>

### STAFF AND BUDGET RESOURCES

Authorized Positions	FY 2022 Budget	FY 2024 Budget	FY 2025 Proposed	Change FY24-FY25
<b>General Fund</b>				
Full Time - Civilian	28	29	29	0
Full Time - Sworn	0	0	0	0
Subtotal - FT	28	29	29	0
Part Time	0	0	0	0
Limited Term	0	0	0	0
<b>Grant Program Funds</b>				
Full Time - Civilian	0	0	0	0
Full Time - Sworn	0	0	0	0
Subtotal - FT	0	0	0	0
Part Time	0	0	0	0
Limited Term	0	2	2	0
<b>TOTAL</b>				
Full Time - Civilian	28	29	29	0
Full Time - Sworn	0	0	0	0
Subtotal - FT	28	29	29	0
Part Time	0	0	0	0
Limited Term	0	2	2	0

Positions By Classification	FY 2025		
	Full Time	Part Time	Limited Term
Administrative Aide	1	0	0
Administrative Assistant	1	0	0
Budget Aide	1	0	0
Budget Management Analyst	22	0	2
Deputy Director	1	0	0
Director	1	0	0
General Clerk	1	0	0
Programmer/Systems Analyst	1	0	0
<b>TOTAL</b>	<b>29</b>	<b>0</b>	<b>2</b>

**Expenditures by Category - General Fund**

Category	FY 2023 Actual	FY 2024 Budget	FY 2024 Estimate	FY 2025 Proposed	Change FY24-FY25	
					Amount (\$)	Percent (%)
Compensation	\$2,321,219	\$2,897,400	\$2,933,000	\$2,945,000	\$47,600	1.6%
Fringe Benefits	644,458	918,500	915,300	942,400	23,900	2.6%
Operating	515,071	595,900	577,300	584,400	(11,500)	-1.9%
Capital Outlay	—	—	—	—	—	
<b>SubTotal</b>	<b>\$3,480,748</b>	<b>\$4,411,800</b>	<b>\$4,425,600</b>	<b>\$4,471,800</b>	<b>\$60,000</b>	<b>1.4%</b>
Recoveries	(75,000)	(206,900)	(316,400)	(368,900)	(162,000)	78.3%
<b>Total</b>	<b>\$3,405,748</b>	<b>\$4,204,900</b>	<b>\$4,109,200</b>	<b>\$4,102,900</b>	<b>\$(102,000)</b>	<b>-2.4%</b>

In FY 2025, compensation expenditures increase 1.6% over the FY 2024 budget primarily due to the annualization of FY 2024 salary adjustments offset by the unfunding of one position. Compensation costs include funding for 28 out of 29 full time positions. In addition, two limited term grant funded positions are funded by the American Rescue Plan Act grant program. Fringe benefit expenditures increase 2.6% over the FY 2024 budget to align with projected costs.

Operating expenditures decrease -1.9% under the FY 2024 budget primarily due a reduction in the budget for supplies, training, mileage reimbursement, software and contractual service cost to align with projected costs. Funding is allocated for training, printing, general office supplies, interpretation services, membership costs and office equipment.

Recoveries increase 78.3% due to a new recovery from the ARPA grant program to support three employees as well as the anticipated cost of staff dedicated to the capital budget program.

## SERVICE DELIVERY PLAN AND PERFORMANCE

**Goal 1** — To provide sound financial planning and monitoring of agency operations and expenditures in order to improve the fiscal health of County government.

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

FY 2029 Target	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected	Trend
10%	14%	17%	13%	11%	↓

### Trend and Analysis

The percentage of total expenditures that reside in the County's fund balance is a critical indicator of the County's fiscal well-being, sustainability and a significant factor in maintaining the County's AAA bond ratings. It also provides critical protection against financial risk due to the County's limited ability to generate revenue as a result of charter-mandated and State-imposed tax caps or restrictions. The County's 5% charter mandated committed reserve and policy required committed operation reserve were established to control the County's exposure to financial risks and provide reserves in the event of emergencies. The policy reserve had been set at 2% for many years but is in the process of being increased to 5% over a three-year period based on the recommendation of the County's Spending Affordability Committee. The Committee was concerned that revenue levels needed to be increased based on a review of revenue volatility following economic downturns as well as a comparison of reserve levels maintained by other AAA-rated counties in Maryland. For FY 2024, the policy reserve was increased to 3%, and will grow again to 4% in FY 2025.

The County has successfully kept its General Fund balance above 8% of its annual budget; however, this is at risk due to growing expenditure pressures. Fund balances are achieved through prudent revenue forecasting, effective expenditure monitoring and the application of sound fiscal policies (such as limiting use of fund balance to one-time nonrecurring expenditures). The County continues to have a structural imbalance arising from the mismatch between limited revenue growth and significant service delivery cost increases. This is largely driven by an expansion in base budget costs such as personnel compensation and fringe benefits based on collective bargaining agreements as well as spending pressures from State requirements. The State-mandated spending on K-12 education required through the Blueprint for Maryland's Future legislation will significantly impact the County in the near term.

Multi-year fiscal planning including projections for operating fund budgets continue to be key tool used by the Office. The County must develop a sustainable plan in order to reduce the structural deficit between revenues and expenditures and ensure financial stability for the future.

### Performance Measures

Measure Name	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
<b>Resources (Input)</b>					
Operating budget analysts	11	12	12	16	16
<b>Workload, Demand and Production (Output)</b>					
Position requests processed for all funds	1,296	1,877	1,877	2,200	2,000
Travel requests received for all funds	269	532	532	800	800

**Performance Measures** *(continued)*

Measure Name	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
<b>Quality</b>					
Variance of the General Fund budget and actual expenditures (negative numbers indicate overspending)	3%	0%	2%	0%	0%
Variance between actual and budgeted General Fund revenues (negative numbers indicate lower revenue collations)	0%	4%	-1%	0%	0%
<b>Impact (Outcome)</b>					
General Fund budget that is in fund balance	14%	17%	17%	15%	14%

**Objective 1.2** — Maintain grant budgets availability at fewer than 10 business days after submission to OMB.

FY 2029 Target	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected	Trend
5	6	6	5	5	↔

**Trend and Analysis**

The Office is responsible for financial planning and ensuring that financial resources are available for agencies to utilize for their business operations. This metric reflects the duration of time between an agency forwarding the Notice of Grant Award to OMB and the subsequent loading of grant funds into the County’s financial system system. The agency experienced an increase in this measurement due to the substantial increase in funding received related to addressing the COVID-19 pandemic.

**Performance Measures**

Measure Name	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
<b>Resources (Input)</b>					
Grant analysts	11	18	9	12	12
<b>Workload, Demand and Production (Output)</b>					
Agency trainings completed	0	2	2	1	2
Grant supplementals completed	6	3	2	4	4
Grant awards created	213	218	222	193	248
Grant funds appropriated from external sources (millions)	\$287.0	\$324.7	\$304.9	\$270.3	\$260.6
General funds used as a match for grant funds (millions)	\$2.1	\$1.4	\$2.1	\$3.4	\$7.7

**Performance Measures** *(continued)*

Measure Name	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
<b>Efficiency</b>					
Grants monitored per analyst	8	8	25	16	21
<b>Impact (Outcome)</b>					
Days for grant budget to be available upon submission to the Office of Management and Budget (OMB)	6	6	6	5	5

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

FY 2029 Target	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected	Trend
8%	7%	7%	7%	7%	↔

**Trend and Analysis**

The County's fiscal policy requires that the ratio of debt service costs to General Fund County source revenues does not exceed 8%. It is anticipated that the County will exceed this target by the end of FY 2027 as revenues return to their pre-pandemic trend, and debt costs associated with the capital improvement program continue to grow. The debt service costs trend is growing due to the extensive Board of Education modernization plan that is estimated to cost more than \$20 billion over a span of 40 years. The County has several expensive capital improvement projects that are underway such as: the County Administration Building Refresh to house the Sheriff's Office, State's Attorney's Office and the Clerk of the Court; significant building improvements at the Community College; a new Regional Health and Human Services Center; and increased investments in the maintenance of County buildings, public safety facilities (police, fire/EMS, corrections and courts) and transportation infrastructure (roads, bridges, sidewalks, etc.).

In recent years, debt service payments have benefited from bond premiums, which help lower overall debt costs. Also, the County continues to use other revenue sources, such as public safety surcharge revenues, to support the cost of many public safety capital projects, thereby reducing the need to pay for debt costs over a 20 year period. Additionally, the County has partnered with the school system to implement their alternative school construction financing program. This program will identify different methods to deliver and meet the extensive infrastructure needs of the school system while reducing overall costs. As the capital program expands, OMB will continue to monitor the County's debt affordability and prioritize CIP projects within a long-term strategic framework in collaboration with all stakeholders.

Note: The methodology for reporting the future year estimates and projections for the general obligation bond sale measure has been updated to include the assumptions used by OMB for capital completion factors and use of existing bond proceeds.

**Performance Measures**

Measure Name	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
<b>Resources (Input)</b>					
Capital budget analysts	10	11	11	10	10

**Performance Measures** *(continued)*

Measure Name	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
<b>Workload, Demand and Production (Output)</b>					
Capital projects authorized	371	418	419	400	413
New capital projects	7	11	16	11	22
Projects supported by general obligation bonds in budget year	74	109	66	61	53
General obligation bond sales (#)	1	1	1	1	1
General obligation bond sales (\$) (millions)	\$271.7	\$273.6	\$193.7	\$123.5	\$182.9
<b>Impact (Outcome)</b>					
Debt service expenditures (millions)	\$150.1	\$163.1	\$172.7	\$172.3	\$184.3
Annual debt service as a percentage of General Fund County Source revenues	7%	7%	7%	7%	7%

**Goal 2** — Use data-driven decision-making to ensure execution of administration priorities by developing, monitoring and evaluating calculable theories of change.

**Objective 2.1** — Increase the number of initiatives with active interventions demonstrating improved conditions.

FY 2029 Target	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected	Trend
0%	0%	0%	0%	0%	↔

**Trend and Analysis**

This objective is new for FY 2025.