



May 1, 2025

MEMORANDUM

TO: Ingrid S. Watson, Chair
Government Operations and Fiscal Policy (GOFP) Committee

THRU: Joseph R. Hamlin *NR*
Director of Budget and Policy Analysis Division

FROM: Roger G. Banegas *RB*
Legislative Budget and Policy Analyst

RE: Office of Finance
Fiscal Year 2026 Budget Review

Budget Overview

- The FY 2026 Proposed Budget for the Office of Finance is \$6,864,900, an increase of \$670,500, or 10.8%, over the FY 2025 Approved Budget. \$6,064,900 is set to go towards the General Fund, while \$800,000 will be appropriated to the Fair Election Special Revenue Fund.
- The proposed spending level for the General Fund is \$6,064,900, an increase of \$270,500, or 4.7% over FY 2025. This increase can be attributed to an increase in compensation due to mandated salary requirements, increased costs for office and operating equipment to align with historical costs, and increases in recoveries to align with mandated salary requirements. Other key elements of the General Fund budget include:
 - The budget includes funding for two (2) additional positions.
 - Attrition and vacancies continue to have an impact on the Office and its ability to comply with Council mandates in a timely manner.
 - The implementation of an important new treasury system and implementing/updating property tax credits, such as the Elderly Property Tax Credit and Public Safety Officer Tax Credit.
- The Fair Election Fund is proposed to be funded at \$800,000, an increase of \$400,000, or 100%, over the FY 2025 approved budget, in support of the 2026 General Election cycle.
- The debt held in the risk management fund balance continues to grow, as the fund balance is projected to increase by \$4.8 million in FY 2025. Additionally, Accident and Injury Claims payments are estimated to see an increase of \$3.4 million in FY 2025 (estimated at \$40,000,000).
- The Office of Finance expects to request \$540,800 in supplemental funding. The Office states that *“additional funding is needed to support FY 2025 merit increases and COLAs, which were budgeted in Non-Departmental in FY 2025 budget development, as well as not being able to meet the budgeted attrition.”*

Expenditures by Fund Type					FY 2026	FY 2026 % of Total
Fund Type	FY 2024 Actual	FY 2025 Budget	Proposed			
General Fund	\$ 5,439,258.00	\$ 5,794,400.00	\$ 6,064,900.00		88.3%	
Special Revenue Fund	\$ -	\$ 400,000.00	\$ 800,000.00		11.7%	
TOTAL	\$ 5,439,258.00	\$ 6,194,400.00	\$ 6,864,900.00		100.0%	

Expenditures by Category - General Fund

Fiscal Year 2024 Actual to Fiscal Year 2026 Proposed

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	% Change - Est vs App	FY 2026 Proposed	\$ Change	% Change
Compensation	\$ 6,286,654	\$ 6,574,600	\$ 7,153,600	8.8%	\$ 7,111,900	\$ 537,300	8.2%
Fringe Benefits	2,136,952	2,383,200	2,561,000	7.5%	2,581,600	198,400	8.3%
Operating Expenses	1,456,003	1,515,500	1,536,700	1.4%	1,550,600	35,100	2.3%
Sub-Total	\$ 9,879,609	\$ 10,473,300	\$ 11,251,300	7.4%	\$ 11,244,100	\$ 770,800	7.4%
Recoveries	(4,440,351)	(4,678,900)	(4,916,100)	5.1%	(5,179,200)	(500,300)	10.7%
Total	\$ 5,439,258	\$ 5,794,400	\$ 6,335,200	9.3%	\$ 6,064,900	\$ 270,500	4.7%

Expenditures by Division - General Fund

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26
				Amount (\$)	Percent (%)
Administration	\$674,234	\$850,100	\$818,500	\$679,900	\$(170,200) -20.0%
Accounting Division	2,002,549	1,925,800	2,312,900	2,385,700	459,900 23.9%
Treasury Division	2,762,475	3,018,500	3,203,800	2,999,300	(19,200) -0.6%
Total	\$5,439,258	\$5,794,400	\$6,335,200	\$6,064,900	\$270,500 4.7%

Staffing and Compensation

Authorized Staffing Count- General Fund

	FY 2025 Approved	FY 2026 Proposed	Change Amount	Percentage Change
Full-Time	68	70	2	2.9%
Part-Time	2	2	0	0.0%
Total	70	72	2	2.9%

Authorized Staffing Count- Grants

	FY 2025 Approved	FY 2026 Proposed	Change Amount	Percentage Change
Full-Time	1	0	-1	-100.0%
Limited Term	1	0	-1	-100.0%
Total	2	0	-2	-100.0%

- The FY 2026 Budget includes funding for two (2) additional positions, bringing the proposed general fund staff level to 70 full-time employees and two (2) part-time employees. The additional roles are an American Rescue Plan Act grant-funded position, for which costs will be moved to the general fund, and an Accountant 3G to assist in the implementation of a new Grant Indirect Cost Rate Pilot.
- The FY 2026 Proposed Budget for compensation is \$7,111,900, an increase of \$537,300, or 8.2% over the FY 2025 Approved Budget. This increase is primarily due to the annualization of FY 2025 and anticipated FY 2026 salary adjustments and two new positions.
- As of March 24, 2025, the Office had four (4) employee separations in FY 2025, an attrition rate of 5.5%. Reasons for separation included involuntary separation, other higher-paying job opportunities, and retirement.
- There are currently four (4) vacancies in the Office, a mix of accounting, administrative, and treasury positions. As of March 2025, one position is being interviewed, one is under applicant/application review, one has been posted, and one has not yet been posted.
- The positions most affected by attrition are two (2) Administrative Assistant 3Gs (Grade 24), one (1) Accountant (Grade 21), and one (1) Account Clerk 3G (Grade 13).
- Attrition and extended vacancies have been a significant concern for the Office of Finance. The Office reports that *“as a result of the vacancies, current employees, already working at capacity due to a constrained complement, have had to take on additional responsibilities, leading to increased overtime usage, extra duty hours, and increased backlogs in other areas of operation. Gaps in staffing cause increased delays in response to constituents and decreased employee morale as staff must take on additional workloads. Overtime usage increases and quality control may be negatively impacted as time and resources are insufficient to perform detailed checks. Additionally, it is difficult to cross-train and develop employees already strained by their current workload.”*

Fringe Benefits

	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Fringe Benefit Expenditures	\$ 1,744,364	\$ 1,948,167	\$ 2,136,952	\$ 2,383,200	\$ 2,581,600
Compensation	\$ 5,261,359	\$ 5,850,875	\$ 6,286,654	\$ 6,574,600	\$ 7,111,900
Fringe As a % of Total Employee Compensation	24.9%	25.0%	25.4%	26.6%	26.6%

- FY 2026 Fringe Benefits are proposed at \$2,581,600, an increase of \$198,400, or 8.3%, over the FY 2025 approved level. This increase aligns fringe benefits with projected costs.

Operating Expenses

- The FY 2026 operating expenses are proposed at \$1,550,600, representing a \$35,100, or a 2.3%, increase above the FY 2025 operating budget. Some of the major line items in the operating budget include:

○ Office Automation	\$912,300
○ Operating Contracts	\$220,000
○ General & Administrative Contracts	\$104,200
○ Software Non-Capital	\$97,500
○ Training	\$66,800
○ Printing	\$63,700

Commitment Items	FY 2025 Budget	FY 2026 Proposed	\$ Change	Explain reason for budgetary change for each commitment item
Telephone	\$20,700	\$21,200	\$500	Alignment with historical costs
Printing	\$92,300	\$63,700	-\$28,600	Reduced need to prepurchase bulk paper
Postage	\$0	\$1,700	\$1,700	Based on historical costs
Periodicals	\$6,200	\$2,400	-\$3,800	Reduction of triennial subscription
Office Automation	\$893,500	\$912,300	\$18,800	Increased allocation
Training	\$47,700	\$66,800	\$19,100	Alignment with anticipated costs
Advertising	\$1,000	\$600	-\$400	Alignment with anticipated costs
Membership Fees	\$3,600	\$3,500	-\$100	Alignment with anticipated costs
Mileage Reimbursement	\$2,500	\$2,300	-\$200	Alignment with anticipated costs
Disposal Fees	\$100	\$200	\$100	Alignment with anticipated costs
General & Administrative Contracts	\$89,800	\$104,200	\$14,400	Wage garnishment outsourcing
Operating Contracts	\$227,000	\$220,000	-\$7,000	Alignment with anticipated costs
General Office Supplies	\$26,300	\$26,000	-\$300	Alignment with anticipated costs
Office and Operating Equipment Non-Capital	\$1,900	\$21,200	\$19,300	Alignment with historical costs
Software Non-Capital	\$97,100	\$97,500	\$400	Alignment with anticipated costs
Other Operating Equipment Repair/Maintenance	\$2,200	\$2,600	\$400	Alignment with anticipated costs
Miscellaneous	\$3,600	\$4,400	\$800	Alignment with anticipated costs
TOTAL	\$ 1,515,500	\$ 1,550,600	\$ 35,100	

- Ten (10) line items in the operating budget show increases over the previous year, while seven (7) line items show a decrease under FY 2025. The biggest increases were:
 - a \$19,300 increase in Office and Operating Equipment Non-Capital to align with anticipated costs;
 - a \$19,100 increase in Training to align with anticipated costs; and
 - a \$18,800 increase in Office Automation to align with projected costs provided from the Office of Information Technology (OIT).
- The biggest decrease is \$28,600 for printing, which the Office expects to be less due to a reduced need to pre-purchase bulk paper.
- A full list of current and proposed contracts and multi-year contracts can be found in the tables below:

Vendor/Contractor Name	Summary of Contract Services	FY 2025 Approved Budget						FY 2026	
		FY 2024	FY 2025 Approved Budget	FY 2025 Actual/Estimated Contract Amount	Current Contract Term (month/year-month/year)	Number of Additional Option Years Available	Contract Status: Executed (E), Planned Not Executed (PE)	FY 2026 Proposed Contract Amount	Funding Source: General Fund (GF), Grants (GR), Other Fund (OF)
Bloomberg	Investment software	\$ 31,980	\$ 32,000	\$ 32,000	7/2024-6/2025		E	\$ 32,000	GF
Brinks	Armored car service	\$ -	\$ -	\$ 10,000	9/2024-9/2025		E	\$ 10,000	GF
GFOA	Auditing services	\$ 1,265	\$ 1,300	\$ 1,300	7/2024-6/2025		E	\$ 1,300	GF
Bingham Arbitrage	Arbitrage services	\$ 1,550	\$ 2,500	\$ 1,900	1/2024-1/2025		E	\$ 1,900	GF
Maximus	Accounting services	\$ 24,000	\$ 24,000	\$ 24,000	7/2024-6/2025		E	\$ 24,000	GF
TBD	Wage garnishment	\$ -	\$ 30,000	\$ 17,300			PE	\$ 10,000	GF
TBD	Legal Services	\$ -	\$ -	\$ -	7/2024-6/2025		PE	\$ 25,000	GF
Wells Fargo Bank	Banking services	\$ 219,448	\$ 227,000	\$ 220,000	7/2024-6/2025		E	\$ 220,000	GF
	Total		\$ 316,800	\$ 499,900				\$ 324,200	

Multi-Year and Personal Service Contracts					
Vendor/ Contractor Name	Summary of Contract Services	Contract Term (Beginning - Ending Dates)	Total Contract Amount	Contract Status: Executed (E), Planned Not Executed (PE)	Funding Source: General Fund (GF), Grants (GR), Other Fund (OF)
TBD	Banking services	7/2025-6/2030	\$ 750,000	PE	GF
Aon Risk Services Inc. of Maryland	Insurance broker services	7/2025-6/2028	\$ 1,000,000	E	OF
Total		\$ -	\$ 1,750,000		

Recoveries

- Proposed recoveries for FY 2026 total \$5,179,200, representing an increase of \$500,300, or 10.7%, above the FY 2025 approved level. This increase is due to mandated salary increases. The Office receives recoveries from other funds for employee salaries related to accounting functions provided for the following:

Fund	Amount
Capital Projects	1,116,000
Solid Waste	1,063,800
Storm Water	547,200
Computer Services	141,200
Redevelopment Authority	108,500
Unemployment	14,000
OPEB	68,400
Life & Health	55,300
General Liability	298,300
Auto Liability	200,100
Property Liability	316,700
Worker's Compensation	485,500
Corrections Supplemental	58,900
General Schedule	59,200
AFSCME	59,200
Fire Civilian	59,200
Police Civilian	59,200
Corrections Officers	59,200
Deputy Sheriff	59,200
Deputy Sheriff Supplemental	58,900
Fire Service	139,000
Police	152,200
Total	\$ 5,179,200

Expenditures by Category- Fair Election Special Revenue Fund

- The Office of Finance also oversees the Fair Election Special Revenue Fund, which supports the County's public campaign financing program, which works using a donor-matching model. The fund and associated public campaign financing program were established by CB-099-2018 and later amended by CB-076-2023. The Fund is set to begin distributing funding to participating County candidates in 2026. The projected expenditures can be found in the table below:

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	% Change - Est vs App	FY 2026 Proposed	\$ Change	% Change
Operating	\$ -	\$ 400,000	\$ -	0.0%	\$ 800,000	\$ 400,000	100.0%
Total	\$ -	\$ 400,000	\$ -	0.0%	\$ 800,000	\$ 400,000	100.0%

- Expenditures for the Fair Election Special Revenue Fund total \$800,000. FY 2026 funding will be transferred to the fund reserves to support candidates for office in the 2026 general election cycle.

Information Technology

- The Office has three (3) IT initiatives they are in the process of implementing- a project to migrate to a new version of Kronos, a Tax and Billing Collection Systems (Treasury) Replacement, and Payroll Garnishments Outsourcing. The Kronos Migration has a total cost of \$268,830. The new treasury systems' charges are in-house included in OIT charges, and the Outsourcing Payroll Garnishment has a total cost of \$17,300.
- The implementation of the new treasury system is seen as extremely important to the functioning of the Office and its responsibilities. Until recently, the project retained the implementation window presented by the former vendor but continued to face delays. The project was expected to go live by April 2025, with the key reason for the postponement tied to the implementation of the Elderly Property Tax Credit and the impact of lost resources. With the complexity of the project, each task has been more time-consuming than anticipated. The project team (Office of Finance and Office of Information Technology) completed an assessment of the scope, estimates of effort and resources, including availability of subject matter experts and blackout period. After discussing with the Steering Committee and County leadership, the go-live date has been reset to April 2028. *For Additional information, please see First Round Responses, page 13, question 25.*
- The table below shows the Office's FY 2026 proposed equipment to be purchased:

	Description (Type and quantity of equipment purchase)	FY 2025 Equipment Cost (Purchased to date)	FY 2025 Equipment Cost (Planned to be purchased)	FY 2026 Equipment Cost (Proposed to be purchased)	Purpose for Request
1	Pressure Sealer and Folder	\$ -	\$ -	\$ 4,000	Fold and seal W2s and 1099Rs
2	Laptops (5)	\$ -	\$ -	\$ 10,100	
3	Network Printer	\$ -	\$ -	\$ 4,000	
4	Monitors (5)	\$ -	\$ -	\$ 1,500	
5	Laptop peripherals	\$ -	\$ -	\$ 1,600	
	Total	\$ -	\$ -	\$ 21,200	

Workload and Program Key Points

- The Office's top issues, concerns, and priorities for FY 2026 are the following:
 - Final phase of migration to new UKG (Kronos) platform (1st quarter FY 2026).
 - Continued progress on the implementation of the new Treasury Systems (Anticipated Go-Live date of April 2028).
 - Maintenance of adequate staffing for current operations and realigning responsibilities as various State and local mandates and new initiatives are passed.
 - Ongoing staff development for cross-training and “building the bench” for succession planning.
 - Completion of the Banking Services negotiation and implementation.
 - Expansion of document translation activities.
 - Increased grant monitoring for audit purposes
 - Policy uncertainty at the Federal and State levels, including cost shifting to local governments.
 - Continuous evaluation of Office operations to identify areas for process improvements and increased efficiency.
- Bond Issuance:
 - Based on the most recent debt capacity analysis, the General Fund component of the Series 2026A General Obligation (GO) Bonds is estimated to be \$228.5 million.
 - Based on the most recent debt capacity analysis, the General Fund component of the Series 2025A General Obligation (GO) Bonds is estimated to be \$183.3 million.
- Multi-Year and Personal Services Contracts - The Office has two (2) multi-year and personal services contracts. The first is a banking services contract for \$750,000 with no vendor yet, as that is still To Be Determined. The other contract is with Aon Risk Services Inc. of Maryland for insurance broker services, with a total contract amount of \$1,000,000.
- Unpaid Property Tax Revenue - During the FY 2024 tax sale, 2,003 out of 2,204 accounts offered were purchased, resulting in the collection of \$9,607,534.36 in unpaid taxes. The County has faced challenges in collecting unpaid taxes, such as getting the Fund Reservation Approvals for the Purchase Orders and two bidders not paying their winnings (a total of 4 accounts), which were resold, but the Office has managed to sell most of the outstanding accounts. The FY 2025 tax sale takes place on May 12, 2025.
- Payment of Contractors - Under section 10A-153 of the County Code, known as the prompt payment ordinance, the County may be required to pay an interest penalty of 1% for contractual payments that are made 30 calendar days after the receipt date. The Office has provided information on how much the potential penalty could have cost the County in FY 2023, FY 2024, and FY 2025 YTD:

Description	FY 2023	FY 2024	FY 2025 YTD
Total Amount Paid >30 days	\$ 361,476,290.89	\$ 428,096,363.77	\$ 266,039,954.44
Total Potential 1% Interest Penalty	\$ 3,614,762.91	\$ 4,280,963.64	\$ 2,660,399.54
Monthly Potential Penalty Expense	\$ 301,230.24	\$ 356,746.97	\$ 221,699.96

▪ Other Postemployment Benefits (OPEB):

- The Office reports that the County continues to use the PAYGO funding strategy, and in FY 2025, the County's contribution toward the OPEB trust fund was \$54.5 million. The proposed contribution for FY 2026 is \$56.7 million. A breakdown of OPEB contributions by fund for FY 2025 and FY 2026 can be found below:

Fund	FY 2025 Contribution	Proposed FY 2026
		Contribution
General	\$ 44,000,000.00	\$ 44,048,400.00
Information		
Technology	\$ 1,900,000.00	\$ 2,254,800.00
Fleet	\$ 1,800,000.00	\$ 1,424,600.00
Stormwater	\$ 3,700,000.00	\$ 5,427,300.00
Solid Waste	\$ 3,100,000.00	\$ 3,538,300.00
TOTAL	\$ 54,500,000.00	\$ 56,693,400.00

▪ Risk Management

- The Office reports a projected Risk Management Fund balance debt of \$215 million for FY 2025. This represents a decrease in fund balance of \$-4,768,362, or -2.2%.

Risk Management Fund Balance				
	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate
Fund Balance	\$ (188,201,048)	\$ (218,705,246)	\$ (210,231,638)	\$ (215,000,000)

- The Office was successful in reducing the Fund deficit from FY 2023 to FY 2024 by approximately \$8 million due to a combination of increased contributions and a lower claim severity. There is no funding included in the proposed FY 2026 budget to reduce the deficit.
- The total Accident and Injury Claims payments for FY 2025 are projected to be \$40 million. This is an increase of \$3,410,456, or 9.3%.

Accident and Injury Claims				
	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimated
Payments	\$ 33,501,861	\$ 43,436,796	\$ 36,589,544	\$ 40,000,000

- Below is a breakdown of the accident/injury claims from FY 2024 and YTD for FY 2025 as of 2/28/2025:

Accounts	FY 2024				FY 2025			
	Number of Claims	% of Claims	Payments	% of Payments	Number of Claims	% of Claims	Payments	% of Payments
Workers' Comp.	923	45.7%	\$ 32,672,045	90.1%	644	51.6%	\$ 21,447,679	86.1%
Auto Liability	663	32.8%	1,797,942	5.0%	334	26.8%	1,189,778	4.8%
General Liability	427	21.1%	1,797,432	5.0%	258	20.7%	2,260,399	9.1%
Property Damage	8	0.4%	-	0.0%	11	0.9%	-	0.0%
Total	2,021	100.0%	\$36,267,419	100.0%	1,247	100.0%	\$24,897,856	100.0%

- Workers' compensation represents the highest number of claims and payments. A detailed breakdown of workers' compensation claims by agency for FY 2024 and FY 2025 YTD can be found below:

Department	FY 24 - County Workers' Comp		FY 25 - YTD County Workers' Comp	
	Claims Rec'd	Payments	Claims Rec'd	Payments
County Executive	0	\$ -	0	\$ -
County Council	0	\$ -	0	\$ -
Circuit Court	5	\$ 30,166.71	2	\$ 48,132.62
State's Attorney	0	\$ 100,202.32	2	\$ 92,626.12
Office of Finance	0	\$ -	0	\$ -
OMB	0	\$ -	0	\$ -
Board of License Commissioners	0	\$ -	0	\$ -
Office of Law	0	\$ 69,412.35	0	\$ 124,454.76
OHRM	0	\$ 8,059.82	0	\$ -
OIT	0	\$ 19,693.91	0	\$ 20,285.31
Board of Elections	3	\$ 701.97	2	\$ 613.76
Central Services	7	\$ 408,583.07	11	\$ 191,628.78
Family Services	7	\$ 8,274.26	0	\$ 4,069.00
Police	335	\$ 13,754,503.37	203	\$ 9,287,282.78
Fire/EMS	277	\$ 10,452,934.76	203	\$ 6,968,150.21
DoE	31	\$ 355,812.04	30	\$ 239,272.05
Sheriff	47	\$ 2,042,181.44	35	\$ 1,375,067.97
Corrections	122	\$ 4,344,062.36	103	\$ 2,306,309.46
Homeland Security	9	\$ 339,586.54	3	\$ 115,204.00
DPW&T	52	\$ 514,583.47	38	\$ 420,029.28
Health Department	7	\$ 98,331.36	4	\$ 154,816.46
Housing and Community Development	3	\$ 4,075.00	0	\$ 20,790.47
Social Services	1	\$ 16,429.98	0	\$ -
Non-Departmental	4	\$ 355.78	0	\$ -
Board of Comissions	2	\$ 37.64	0	\$ -
Office of Community Relations	0	\$ 1,061.09	0	\$ 4,343.85
Department Of Permitting, Inspections	11	\$ 102,995.33	8	\$ 74,601.70
TOTAL	923	\$ 32,672,044.57	644	\$ 21,447,678.58

- Lastly, The Office's long-term (over the next 3-5 years) top areas of concern and focus are:
 - Leveraging technology to increase efficiency.
 - Staff professional development, cross-training, and procedures are documented to support succession planning and continuity operations.
 - Addressing the added operational demands associated with implementing and supporting legislative mandates:

- Allocating sufficient staff and resources towards impact analysis, collaborative activities, and deliberation prior to implementation.
- Allocating staff and resources to administratively support legislatively-mandated activities, such as application processing for property tax credits, fielding external customer inquiries on the programs, and supporting the Fair Election Fund Commission.