



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 7, 2019

M E M O R A N D U M

TO: Derrick L. Davis, Chair
Government Operations and Fiscal Policy (GOFP) Committee

THRU: David H. Van Dyke, County Auditor *DAV*

FROM: Martina Alston, Staff Auditor *MA*

RE: Office of Management and Budget
Fiscal Year 2020 Budget Review

Budget Overview

The FY 2020 proposed budget for the Office of Management and Budget is approximately \$3.4 million, an increase of \$264,800, or 8.5%, above the FY 2019 approved budget. The increase is primarily due to cost-of-living adjustments, merit increases, and funding for a new full-time position. The Office of Management and Budget is funded entirely by the General Fund.

Budget Comparison - General Fund

Approved Fiscal Year 2019 to Proposed Fiscal Year 2020

Category	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimated	% Change - Est vs App	FY 2020 Proposed	\$ Change	% Change
Compensation	\$ 2,102,734	\$ 2,406,600	\$ 2,117,800	-12.0%	\$ 2,644,000	\$ 237,400	9.9%
Fringe Benefits	573,394	724,400	598,200	-17.4%	758,800	34,400	4.7%
Operating Expenses	147,506	129,500	134,000	3.5%	165,300	35,800	27.6%
SubTotal	\$ 2,823,634	\$ 3,260,500	\$ 2,850,000	-12.6%	\$ 3,568,100	\$ 307,600	9.4%
Recoveries	(10,420)	(141,800)	(77,000)	-45.7%	(184,600)	(42,800)	30.2%
Total	\$ 2,813,214	\$ 3,118,700	\$ 2,773,000	-11.1%	\$ 3,383,500	\$ 264,800	8.5%

Authorized Staffing Count - General Fund

	FY 2019 Approved	FY 2020 Proposed	Change Amount	% Change
Full-Time	26	27	1	3.8%
Total	26	27	1	3.8%

Staffing Changes and Compensation

- In FY 2020, compensation will increase by \$237,400, or 9.9%, above the FY 2019 approved budget level due to cost-of-living adjustments, merit increases, and funding for a new Budget Management Analyst III position to support the CountyStat program.
- The General Fund provides for 27 full-time positions in FY 2020, which is an increase of (1) position over the FY 2019 approved level.
- As of April 11, 2019, the Office has three (3) vacant Budget Management Analyst positions.
- The Office currently has two (2) positions assigned to the County Executive's Office on a full-time basis. The two filled positions, which are CountyStat staff members, are expected to continue in FY 2020.
- The Office's current rate of attrition is 7.7%. The Office cites the key factor contributing to the current attrition level is a lack of promotional opportunities.
- The following table provides the Office's rate of attrition for the last five fiscal years:

Attrition Rate - Historical Trend					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 (YTD)
# of Separations	1	2	1	5	2
# of Authorized Positions	24	24	25	26	26
Rate of Attrition	4.2%	8.3%	4.0%	19.2%	7.7%

Source: Response to Second Round Question #1 provided to A&I during budget review.

Fringe Benefits

- Fringe benefit expenditures for FY 2020 are proposed at \$758,800. This is an increase of \$34,400, or 4.7%, over the FY 2019 approved level due to anticipated compensation adjustments and funding for a new position.

Fringe Benefits Historical Trend - General Fund					
	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Proposed
Compensation	\$ 1,835,129	\$ 1,977,004	\$ 2,102,734	\$ 2,117,800	\$ 2,644,000
Fringe Benefits Expenditures	\$543,240	\$558,286	\$573,394	\$598,200	\$758,800
As a % of Compensation	29.6%	28.2%	27.3%	28.2%	28.7%
% Change		2.8%	2.7%	4.3%	26.8%

Operating Expenses

- Proposed FY 2020 operating expenses increase by \$35,800, which is 27.6% over the FY 2019 approved level. The increase is driven by an increase in office automation charges to support SAP maintenance costs and the countywide laptop refresh program. Additionally, resources are allocated for software maintenance costs for the new budget publishing system and an increase in training funding to meet operational needs.
- The following table compares the FY 2020 proposed operating expenditures with the FY 2019 approved operating expenditures. In two (2) categories, the FY 2020 proposed budget reduces planned spending from the FY 2019 budget. In three (3) of the categories, the FY 2020 proposed budget level remains unchanged compared to the FY 2019 budget level. In five (5) of the categories, there is an increase in planned spending in FY 2020.

Operating Objects	FY 2019 Budget	FY 2020 Proposed	FY 2019 - FY 2020	
			\$ Change	% Change
Office Automation	80,800	113,500	32,700	40.5%
Training	12,000	15,000	3,000	25.0%
Miscellaneous	-	3,000	3,000	N/A
Telephone	4,400	5,300	900	20.5%
Membership Fees	800	1,000	200	25.0%
Mileage Reimbursement	3,000	3,000	-	0.0%
Office and Operating Equipment Non-Capital	1,500	1,500	-	0.0%
Travel: Non-Training	800	800	-	0.0%
Printing	11,200	10,200	(1,000)	-8.9%
General Office Supplies	15,000	12,000	(3,000)	-20.0%
TOTAL	\$ 129,500	\$ 165,300	\$ 35,800	27.6%

Source: First Round FY 2020 Proposed Budget Responses, Question 11, page 6

Recoveries

- In FY 2019, the Office is estimated to receive a total of \$77,000 in recoveries for employee salaries and fringe benefit expenditures related to the budgeting and management functions of the Capital Improvement Program (CIP).
- In FY 2020, the Office anticipates receiving \$184,600 in recoveries, which is 30.2% above the FY 2019 approved budgeted amount in recoveries. This increase is due to the anticipation that the CIP Manager and BMA III position will be filled for the entire fiscal year.

Highlights and Other Issues

- Implementation of the SAP Budget and Planning (SBP) module for the FY 2020 budget cycle required significant work for the Office in FY 2019. Full deployment required considerable staff participation in entering FY 2019 budget data, testing all aspects of the module, remapping the annual budget formulation calendar and deliverables, providing training to County agency users, and continuing to identify and fix bugs. With the assistance of consultants and partner agencies, the Office remains committed to making system improvements to SBP and the new budget publishing system, which was also implemented during the FY 2020 budget process.

- Included within the SBP module is the Personnel Expenditure Projection (PEP) tool. This tool allows OMB to update economic factors and apply systemwide adjustments, such as assumed wage scale adjustments per collective bargaining units. Additionally, it has the ability to automatically calculate compensation and fringe benefit costs based on actual employee data in the Human Capital Management (HCM) module. Due to time limitations, OMB postponed the use of the PEP tool and used the prior year's method to obtain the projected FY 2020 personnel budget information. The Office continues to work with its consultants and the Office of Human Resources Management for PEP to be fully functional for the FY 2021 budget formulation process.
- In FY 2019, the Office will maintain a full-service team structure to address grant management workload demands. Thus, OMB continues to provide internal training sessions in order to equip analysts with knowledge and exposure to additional modules within SAP. This on-going training is anticipated to continue in FY 2020 to allow for greater customer service and support to the agencies.
- The CountyStat program was launched to deliver results through analysis, accountability, and innovation. Focusing on specific topics, CountyStat is able to ensure that the County is making measurable progress on important issues. Currently, there are two (2) analysts assigned to CountyStat. To further support the program, OMB's FY 2020 proposed budget includes a new position for a Budget Management Analyst III. See *First Round Budget Response Q.21* for a complete listing of projects that the CountyStat team has assisted County agencies with in FY 2019. Some of these projects include:
 - Collaborating with OHRM to set up online training for the new SAP performance management module (SBP03);
 - Aiding the Courts to establish a series of internal performance indicators to help manage agency workflow; and
 - Supporting the Board of Elections to determine a modern ballot allocation methodology.
- Over the next three years, the Office anticipates the most critical issues to be the following:
 - Continuing to improve the functionality of the SAP budget module and publishing systems;
 - Identifying ways to ensure the continued affordability of the Capital Improvement Program (CIP); and
 - Continuing to engage stakeholders in identifying ways to address the County's structural fiscal imbalance in order to prepare for future downturns in the economy.