

DATE: September 21, 2009

TO: Montgomery County Planning Board

VIA: Oscar S. Rodriguez, Executive Director

FROM: Holly Sun, Budget Manager,
Department of Human Resources and Management

SUBJECT: Budget Priorities - FY11 Proposed Budget for CAS Departments

The Central Administrative Services (CAS) Departments of Human Resources and Management (DHRM), Finance, Legal, and Merit System Board propose a maintenance budget for FY11. The maintenance budget tentatively assumes the following assumptions until we receive further direction from the Board:

- 2.5% inflation growth for operating expenses
- No new positions or new spending initiatives
- 2.25% COLA effective first full pay period after 10/1/2010 for MCGEO employees based on ratified contract and G-scale (assuming same as MCGEO)
- 3.5% merit for qualified employees

It is important to note that the relative size of all of the departments and programs in CAS makes it very hard to eke out significant savings without cutting service levels. In FY10, The CAS budget of \$7.8 million represents only 6.8% of the total budget of the Commission's tax-supported funds in Montgomery County.

DHRM: In FY09 and FY10, DHRM took active actions to reduce spending while striving to improve/initiate such programs as recruitment, "pay-for-performance" pilot program, monthly and multi-year budget projections, modification of the Commission's administrative policies and practices, and records management. Measures taken to curtail spending include:

- froze four positions (8% of total positions),
- downgraded three management positions,
- eliminated and merged units to generate savings, and
- consolidated the Information Technology (IT) units of DHRM and Finance to streamline business and improve efficiency.

In FY11, the Department proposes a same-services funding level and plans to hold four vacancies unfilled in anticipation of another challenging fiscal year. The Department will strengthen in-depth data analysis to inform decision making and reallocate existing resources to focus on services and programs that add more value to the Commission and the departments.

Finance: The Finance Department's position compliment has increased by only three workyears in the past 10 years (without the addition of IT staff), with two of these positions being added in FY2009 and funded by Prince George's County to support their Capital Improvements Program program.

- The Financial Management (ERP) system implementation will require significant resources with no additional staff. This will be a significant challenge as preliminary proposals indicate a commitment of between 13,000-31,000 hours of staff time to adequately implement the new system. This may require staff commitments from other operating departments, as was done with the Montgomery County ERP project.
- The Finance work program has expanded in recent years and become more demanding due to public/private partnerships, 115 trust, GASB 34/45 and IT initiatives (e.g. disaster recovery, Payment Card Industry, and network security)
- The Finance Department has three vacancies, all of which have been frozen for the past two years. One position is being filled by an intern at a reduced cost.

Legal Department: The Office of the General Counsel has kept one position unfilled to generate needed savings in order to stay within the FY10 Budget. The Department proposes a maintenance budget in FY11.

Merit Board: Proposes a maintenance budget.

We look forward to discussion with the Board on Sept 24, 2009.