

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 20, 2014

MEMORANDUM

TO: Montgomery County Planning Board

FROM: John Kroll, Corporate Budget Manager *JK*

DATE: November 14, 2014

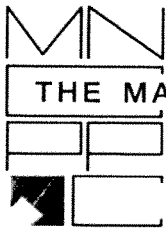
SUBJECT: FY 2016 CAS Budget Requests

Please find attached FY16 budget requests from the Department of Human Resources and Management (DHRM), the Finance Department, the Merit System Board, CAS Support Services, Office of Internal Audit, and the Legal Department, as well as the proposed budgets for the Internal Service Funds (Risk Management, Group Insurance and Executive Office Building).

Each attached memo details the budget requests for each department.

Attachments:

DHRM	pages 1-9
Department Org Chart	page 10
CAS Support Services	pages 11-12
Merit System Board	pages 13-14
Executive Office Bldg	pages 15-17
Risk Management	pages 18-23
Group Insurance	pages 24-26
Finance	pages 27-31
Internal Audit	pages 32-34
Legal	pages 35-37



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 13, 2014

PCB14-27

To: Montgomery County Planning Board
Prince George's County Planning Board

From: Patricia C. Barney, Executive Director

Subject: Approval of FY16 Budgets – for the Administration Fund and Internal Service Funds -
Department of Human Resources and Management

Requested Action

We are requesting approval of FY 16 proposed budgets for the following budgets:

- Administration Fund: Department of Human Resources and Management (DHRM), Central Administrative Services (CAS) Support Services, and Merit System Board.
- Internal Service Funds: Executive Office Building (EOB), Risk Management and Group Insurance.

Background Summary

This memo provides the budget proposals for each of the above referenced Departments/units. The FY16 budgets incorporate the Commission's direction on compensation and benefits and utilize projections provided by the Corporate Budget Office. In October, we presented preliminary budget numbers for the major known commitments and essential needs for the Administration Fund portion of DHRM, for CAS Support Services and for the Merit System Board. The Boards' directions and resulting adjustments are incorporated into this proposed budget including the revised allocation to each county for Support Services.

We constantly strive to identify potential savings or funding reductions within each budget. Whenever possible, competitive bidding and shared resources are utilized to contain costs. With regard to the proposed budgets in the Administration Fund, costs increased in total by 4.81%. The proposed budgets for the Internal Service Funds increased in total by 3.63%.

Administration Fund

Unit	FY15 Adopted	FY16 Proposed	Variance	% Change
DHRM Operating	4,433,957	4,533,312	99,355	2.24%
CAS Support Services	1,190,591	1,395,652	205,061	17.22%
Merit System Board	165,620	139,538	(26,082)	-15.75%
Total	\$ 5,790,168	\$ 6,068,502	\$ 278,334	4.81%

Internal Service Funds

Unit	FY15 Adopted	FY16 Proposed	Variance	% Change
EOB	1,191,691	1,194,440	2,749	0.23%
Risk Management	10,009,460	8,363,410	(1,646,050)	-16.44%
Group Insurance	51,611,797	55,533,275	3,921,478	7.60%
Total	\$ 62,812,948	\$ 65,091,125	\$ 2,278,177	3.63%

Merit Position/Workyear Summary

Fund Name	FY15		FY16		Change	
	Total Position	Total WYS	Total Position	Total WYS	Total Position	Total WYS
DHRM (Admin Fund)	37	33	37	35	0	2
Risk Management (Internal Service Fund)	6	6.3	6.5	6.8	.5	.5
Group Insurance (Internal Service Fund)	5	5.2	5	5.2	0	0
Building (Internal Service Fund)	2	2	2	2	0	0
DHRM Operations Subtotal	50	46.5	50.5	49	.5	2.5
Merit System Board (Admin Fund)	1	0.5	1	0.5	0	0
Total All Funds	51	47	51.5	49.5	.5	2.5

Term Contract Position/Workyear Summary

Fund Name	FY15		FY16		Change	
	Total Position	Total WYS	Total Position	Total WYS	Total Position	Total WYS
DHRM (Admin Fund)	0	0	1	1	1	1
Group Insurance (Internal Service Fund)*	1	1	1	1	0	0
Total All Funds	1	1	2	2	1	1

Changes to each budget are summarized below with greater details identified within the relevant sections that follow the summary.

Administration Fund

- Department of Human Resources and Management (DHRM): After incorporating the Planning Boards' direction on new initiatives, this budget reflects a 2.24% increase from FY15 levels. The new initiatives, which address work program priorities identified by operating departments/Commissioners, result in net change of 2 Merit System workyears and 1 term contract work year. The proposed budget funding is allocated 42.9% Montgomery/57.1% Prince George's based the FY16 cost allocations adopted by the Commission in October.
- CAS Support Services: This budget accounts for non-discretionary shared operating expenses attributable to bi-county operations. This budget does not include assigned positions. It also does not include any new initiatives for FY16. The total FY16 budget is \$1,395,652, which represents a 17.2% (or \$205,061) increase from FY15 levels. These increases are primarily from adjustments in EOB building occupancy rates, external rent, and appropriate transfer of copier maintenance agreements from the DHRM Administration Fund. The FY16 budget is funded 44.7% Montgomery/55.3% based on the updated cost allocation analysis. This new allocation shifts .4% funding from Montgomery County to Prince George's County as compared to FY15.
- Merit System Board: The proposed FY16 budget is reduced by 15.7% or (\$26,082) from FY15 levels. This reduction is primarily attributed to a decrease in wage and benefit cost as a result of adjustments to personnel projections by the Corporate Budget Office. Board member salaries are determined by contract and are not subject to employee wage adjustments. The Merit System Board is funded 50% Montgomery/50% Prince George's.

Internal Service Funds:

- EOB: The proposed budget is \$1,194,440, which represents a slight increase of .23% (or \$2,749) as compared to the FY15 budget. Operating expenses are fully funded through adjusted building occupancy rates (revenue) to eliminate use of a fund balance subsidy. The slight increase in occupancy rates is to cover building operation expenses. There are no changes in existing position and workyear counts in this Fund.
- Risk Management: The overall budget has decreased due to favorable claims expenses and implementation of a modified actuarial projection model. This budget also assumes the transfer of .5 positions/workyears in an effort to repurpose a portion of an existing position which is currently funded in the DHRM Administration Budget. With the exception of personnel costs which are funded 50% Montgomery/50% Prince George's, this budget is primarily funded through an allocation of claims and insurance costs to the appropriate departments.

Group Insurance: The overall budget change is related to projected fully insured and self-insured plan costs. No changes related to staffing have been proposed.

(Administration Fund)
Department of Human Resources and Management (DHRM) Budget Overview

Summary

Under the leadership of the Executive Director, DHRM includes four divisions:

- Office of the Executive Director
- Corporate Budget
- Corporate Policy and Management Operations
- Human Resources

These areas collectively provide corporate governance and administer agency-wide initiatives to ensure fair and equitable practices/programs, competitive and cost-effective employment compensation and benefits, prudent fiscal planning, and sound workplace and liability protections. Programs administered by the Department are presented on the attached organization chart (Appendix A), along with the proposed positions/work years (WYs).

Discussion of DHRM Proposed Budget

The FY16 proposed budget is \$ \$4,533,312. This budget reflects a 2.2% increase (or \$99,355). Because the budget incorporates an updated funding allocation of 42.9%/Montgomery and 57.1% Prince George's based on the recent labor cost analysis by corporate budget, this shifts .8% funding from Montgomery County to Prince George's County as compared to FY15.

The proposed DHRM budget includes 37 Merit positions with 35 WYS (of which 15.5 WYS and 19.5 WYS are allocated to Montgomery and Prince George's respectively). One additional Term contract position is proposed and is allocated .5 to each county.

Proposed Budget and Major Known Operating Commitments

The FY16 proposed budget is presented in two sections in the chart that follows (see DHRM-Table 1). This budget was presented to the both Planning Boards in October. No changes were identified at that time. The first section is the proposed base budget with mandatory commitments. The base budget reflects a 3.4% reduction (or \$152,827) due to savings in salaries from new hires, and a reallocation of copier maintenance agreements to appropriate budgets. The second section of the chart reflects additional funding for new initiatives (explained further under section titled Proposed Initiatives).

DHRM-TABLE 1

DEPARTMENT OF HUMAN RESOURCES AND MANAGEMENT PROPOSED FY16 OPERATING BUDGET REQUEST				
	MC Admin Fund	PGC Admin Fund	Department Total	% Change
FY15 Adopted Budget	\$ 2,030,073	\$ 2,403,884	\$ 4,433,957	
FY16 BASE BUDGET INCREASES (with Major Known Commitments)				
Salaries	(30,908)	13,744	(17,163)	
Benefits	13,342	39,929	53,272	
Other Operating Charges and Supplies*	(79,347)	(87,180)	(166,527)	
Chargebacks	(6,136)	(16,273)	(22,409)	
Subtotal Increase - Base Budget Request	\$ (103,048)	\$ (49,779)	\$ (152,827)	-3.4%
<i>* Please note, that reductions to Other Operating Charges include a \$120,000 reallocation of Xerox Maintenance Agreements to CAS SS budget (90k); Group Insurance (15K); and Risk (15K)</i>				
FY16 Proposed Initiatives/Essential Needs (as described in narrative)				
Subtotal Cost of Initiatives	\$ 108,186	\$ 143,996	\$ 252,182	5.7%
Total Increase to Base Budget	\$ 5,138	\$ 94,216	\$ 99,355	2.2%
FY16 Total Proposed Budget	\$ 2,035,211	\$ 2,498,100	\$ 4,533,312	2.2%
<i>FY16 proposed budget is based on revised funding allocation of 42.9% MC and 57.1% PGC.</i>				

FY16 Work Program Priorities: Areas of emphasis include Enterprise Resource Planning (ERP) System administration/maintenance, regulatory compliance/updated organizational standards, and recruitment services. Priorities also address operating department support for more proactive and consistent platforms for training and workforce development.

- Effectively operate and maintain the new ERP Human Resources module. Continue implementation of features such as employee self-serve for benefits to streamline processes.
- Respond to a 75% increase in recruitment activities.
- Accelerate extensive review and revision of outdated agency standards/policies.
- Update corporate records program with the State of Maryland to ensure appropriate record retention/access.
- Implement agency-wide Leadership Development program to address deficit in workforce training and critical succession planning concerns.
- Continue implementing management-supported recommendations from Classification and Compensation study, including job class series reviews prioritized by operating departments.

Proposed Essential Needs/ Restorations/Initiatives

The total amount of essential needs is \$252,182. Initiatives are planned with an implementation October 1, 2016 (3 month delay) unless otherwise indicated by an asterisk. The overall impact of essential needs is also reduced due to savings in FY16 base budget commitments and reallocation of the copier costs to relevant budgets such as CAS Support Services, Risk and Group Insurance. The essential needs are summarized in the following chart.

DHRM-Table 2

Essential Needs	Total Cost to Fund	MC Funding Portion (42.9%)	Prince George's Funding Portion (57.1%)
Add one new HR position to administer new ERP/HCM System	77,684		
Restore one frozen HR position to address increased Recruitment activities	77,684		
Convert existing long term temporary staff person to part-time Merit to support records program*	14,063		
Move half of existing administrative support position in Budget Office to Risk Management*	(53,000)		
Restore agency-wide Leadership Training Program*	60,000		
Add one Term Contract position as Management Analyst to address extensive policy work; (While eliminating one frozen Merit position)	75,750		
Subtotal Cost of Initiatives	\$252,181		

* These items are time sensitive and cannot have a delayed implementation.

The FY16 authorized Merit position count is proposed to remain at 37 with 2 additional work years funded. The proposal also includes one (1) Term Contract position/work year. The changes are presented in Table 3.

DHRM-Table 3

	Authoriz ed Positions	Funded WYs	MC WYs	PGC WYs
FY15 Position/WY Total	37	33.0	14.5	18.50
Requested FY16 Program Support				
Add one HR position to address ER/HRIS administration (Grade I)	1	1	.5	.5
Restore one HR position to address increased recruitment activities	Already in FY15 count	1	.5	.5
Convert one existing budgeted seasonal/intermittent staff	.5	.5	.25	.25
Move ½ of work year of an existing administrative position (Grade G) to Risk Management	(.5)	(.5)	(.25)	(.25)
Eliminate one existing frozen Management Analyst position as it is only a Prince George's County authorized position	(1)	Presently frozen	0	0
FY16 Proposed Merit Position Count	37	35	15.5	19.5
Add one Term Contract position for Policy Standards/Regulatory Compliance Work	1	1	.5	.5

Explanation of FY16 Proposed Restorations/Initiatives for DHRM

1. **Add One New HR Position to support administration of the New Enterprise Resource Planning (ERP) System**

The HR module is more complex and requires more support to operate and maintain. It is critical that the agency has sufficient resources for this corporate system.

- While the new ERP system offers a number of efficiencies, it must be managed for accurate reporting, maintenance, and support to departments.
- When ERP is live, continuing support will be required to: retrieve information from the converted HRIS system; train managers on new HRIS/ERP system; develop management reports; and implement system upgrades.
- The ERP system capabilities are broader, thereby allowing additional personnel and compliance information, but requiring additional, regular updates to be carried out.

2. **Restore One Frozen HR Position to Address Increased Recruitment Activities**

In FY11, DHRM eliminated a number of positions and froze others. The Recruitment Office froze one position due to departmental budget reductions and a decline in overall hiring in the agency. Consequently, the Office has been staffed by a manager and two specialists to address agency-wide recruitment activities. Over the last three fiscal cycles, there has been a steady and notable increase in hiring activities and support requested by operating departments.

- In calendar year 2011, 35,640 applicants were screened; in 2012, 47,438 applicants were screened; and in 2013, 61,968 applicants were screened. This equates to a 74% increase in workload (applicants screened) over the past two years.
- In the first six months of 2014, the Recruitment Office has already reviewed 33,216 applications—demonstrating continued growth in activity.
- In addition to recruitment activities, the Office is responsible for all oversight of the Criminal Justice Information System (CJIS), fingerprinting and background checks, assisting with Return to Work placements, Park Police promotional testing administration, American with Disabilities Act (ADA) Title I training for field staff, conducting Critical Testing, and representing the agency at job fairs, etc. All of these programs are necessary and/or mandated.

The increased activity is related to more robust recruitment outreach implemented with departments and increased hiring activities. The current staff compliment cannot adequately meet the increased workload without adverse effects on quality and responsiveness to departments.

3. **Convert Existing Seasonal/Intermittent Staff to Part-time Merit (Records Program—Management Aide)**

We are requesting that the existing long-term, seasonal support for this program be converted to part-time Merit employment. The position has been funded through unbudgeted salary lapse. With the inclusion of a reasonable salary lapse in the budget, the shift to Merit will not result in a significant funding increase.

- The Records/Archives Office provides a critical agency-wide function as it is the official Office of the Record for the agency as defined by the State of Maryland.
 - The State of Maryland requires all public agencies to secure, catalogue, and make available for appropriate public requests, the official records of the agency, including corporate decisions, public actions, maps/zoning documents, policies, standards, and, financial and employment records, etc..
- The agency plans to move its extensive system of records into a digital platform. This change places a greater emphasis on the need for accurate record conversions. The program has suffered significantly due to budget constraints and loss of staffing. Over the past few years, it was staffed with only one dedicated Merit employee, resulting in significant challenges in maintaining compliance with State mandates.
- The Seasonal employee provides essential historical information. His experience has been helpful in retrieval of records and in the significant streamlining of operations that has taken place over the last two years.

4. Move .5 Workyear of Existing Administrative Position (Grade G) to Risk Management

We are requesting to repurpose ½ workyear of an existing funded administrative position in the Corporate Budget Office. Due to realignment of the Corporate Budget's work program among budget analysts, the administrative position has the capacity to support other work programs. With a transfer of .5 authorized positions/workyears, it will allow us to shift resources to the Risk Management/Workplace Safety program which has significant need for administrative support.

- The Risk Management/Workplace Safety Office develops and implements programs to protect employees and patrons, secure agency assets, mitigate losses through inspections, and administer workers' compensation, training, and liability programs. These programs require extensive reporting and compliance recordkeeping.
- The transfer of a .5 work year will provide administrative support, so Risk and Safety Specialists can address more critical technical evaluations for the agency.

5. Restore Agency-Wide Leadership Training Program (Supported by Departments)

The agency does not have a formal training program for its workforce to address significant succession planning issues and workforce competency.

- The M-NPPC FY2014 annual Personnel Management Review reveals that 683 (or 34% of current employees will be eligible to retire between FY14 and FY18 (collectively)¹. 71% of the agency's Officials/Administrators will be eligible to retire during this same period. Department Directors have been working together to identify needed solutions to provide consistent training on mandatory standards and succession planning.
- This funding will be used to reinstitute an agency-wide leadership development program. The program, which was previously administered through CAS, was eliminated in 2009 due to budget cuts.
- Operating departments requested this program be housed in CAS to provide greater cost efficiency, a consistent training platform, and broader access to all departments. The Leadership Program will focus on core, concrete business skills, such as project management, ethical decision making, and performance accountability. This training would not replace training efforts that may be offered in some departments, as those efforts are specific to service operations (e.g., parks management, planning, legal, etc.).

6. Add One (1) Term Contract Position as Management Analyst to Address Extensive Policy Work/Eliminate Frozen Merit Management Analyst Position

As is typical for an agency of this size and diversity, organizational standards must address federal/state mandates, public accountability, and provide clear and current operating/code of conduct guidance. The current staffing level (two dedicated management analysts) is insufficient to address this extensive workload which comprises nearly 200 policy areas covering all areas of organizational functions, employment, procurement, financial systems, and, risk/liability and safety regulations. Through reorganizations which occurred over five years ago, the function has been considerably downsized, causing a considerable backlog of work and a large number of critical policies that require attention (e.g., ethics, ADA compliance, financial procedures, etc.). Competent policy work entails strong research, analysis, and vetting with stakeholders. While notable progress is being made to clarify/update/streamline policies, the current staffing level cannot get to critical work identified by operating departments or required to ensure compliance with federal/state laws and best practices.

- Outdated standards create liability for the agency, lack of understanding of program requirements, and inconsistent application by management.
- The need to update policies is regularly stressed by our by operating departments, internal audit, and the findings of the external accreditation process of the Commission for Accreditation of Park and Recreation Agencies (CAPRA).
- Presently, the frozen position is designated as a Prince George's-funded position. As the position would serve agency-wide efforts, we are requesting that it be designated as a bi-county funded Term Contract position.

¹ Personnel Management Review, Employee Demographic Profile, Fiscal Year 2014.

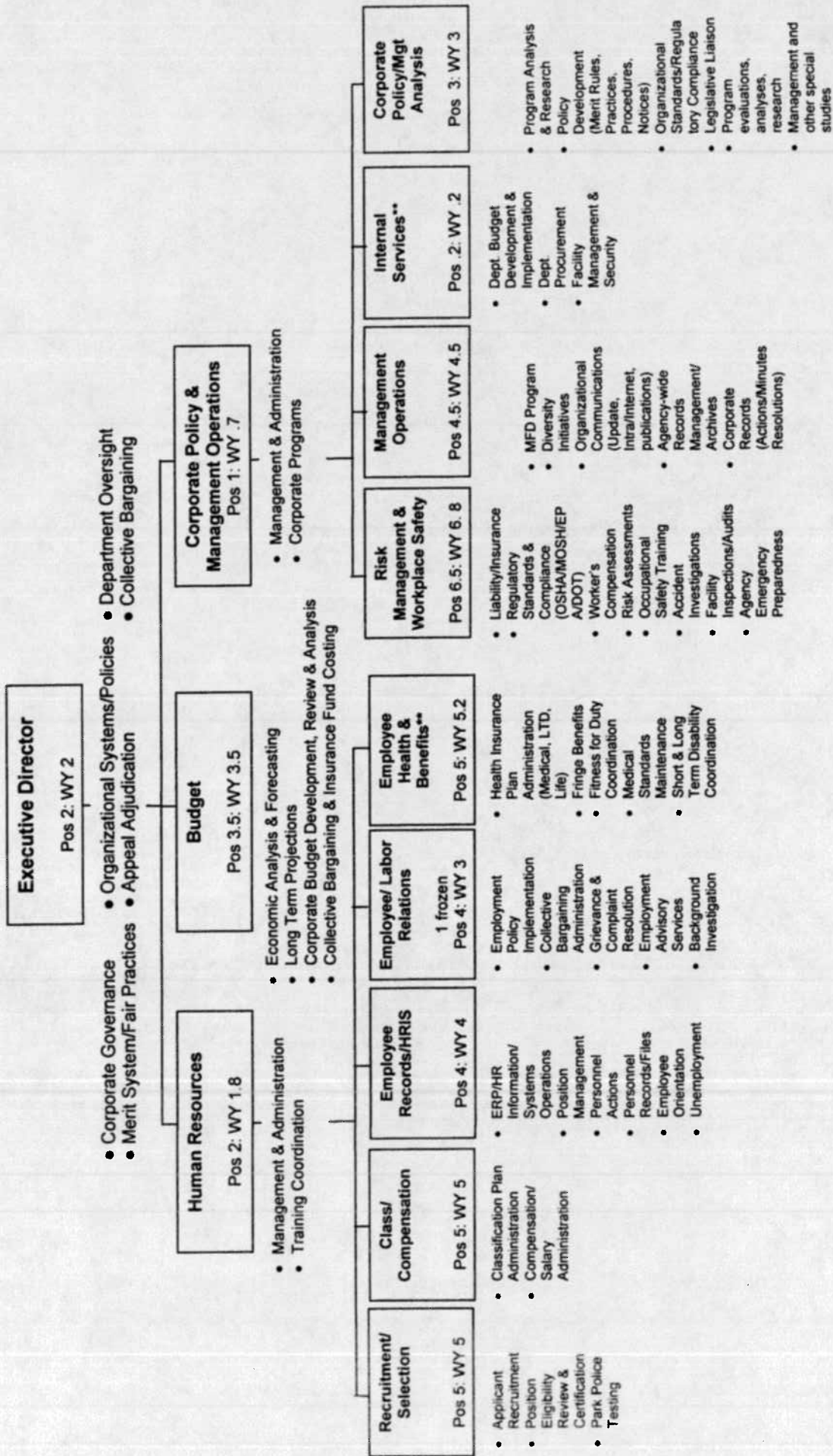
**CENTRAL ADMINISTRATIVE SERVICES
DEPARTMENT OF HUMAN RESOURCES AND MANAGEMENT
EXPENDITURE BY COUNTY & MAJOR OBJECT**

SUMMARY OF ANNUAL COMPARISONS

COUNTY/MAJOR OBJECT EXPENDITURES	FY15 ADOPTED	FY15 ESTIMATE	FY16 PROPOSED	% of Change
MONTGOMERY COUNTY				
Personnel Services	1,798,661	1,798,661	1,863,541	3.61%
Supplies & Materials	36,354	36,354	36,319	-0.10%
Other Services & Charges	348,451	348,451	294,879	-15.37%
Capital Outlay		-		
Transfer Out			-	
Subtotal	<u>\$ 2,183,466</u>	<u>\$ 2,183,466</u>	<u>\$ 2,194,739</u>	0.52%
Less Chargebacks	(153,393)	(153,393)	(159,529)	4.00%
Total	<u>\$ 2,030,073</u>	<u>\$ 2,030,073</u>	<u>\$ 2,035,210</u>	0.25%
PRINCE GEORGE'S COUNTY				
Personnel Services	2,316,968	2,316,968	2,480,378	7.05%
Supplies & Materials	46,646	46,646	48,341	3.63%
Other Services & Charges	447,099	447,099	392,484	-12.22%
Capital Outlay				
Transfer Out			-	
Subtotal	<u>\$ 2,810,713</u>	<u>\$ 2,810,713</u>	<u>\$ 2,921,203</u>	3.93%
Less Chargebacks	(406,829)	(406,829)	(423,102)	4.00%
Total	<u>\$ 2,403,884</u>	<u>\$ 2,403,884</u>	<u>\$ 2,498,101</u>	3.92%
TOTAL EXPENDITURES				
Personnel Services	4,115,629	4,115,629	4,343,920	5.55%
Supplies & Materials	83,000	83,000	84,660	2.00%
Other Services & Charges	795,550	795,550	687,363	-13.60%
Capital Outlay				
Transfer Out			-	
Subtotal	<u>\$ 4,994,179</u>	<u>\$ 4,994,179</u>	<u>\$ 5,115,943</u>	2.44%
Less Chargebacks	(560,222)	(560,222)	(582,631)	4.00%
Total	<u>\$ 4,433,957</u>	<u>\$ 4,433,957</u>	<u>\$ 4,533,312</u>	2.24%
Position/Workyears	37/33.5	37/33	37/35	
Term Contract	0/0	0/0	1/1	

Appendix A

FY2016 Proposed Department of Human Resources and Management Organizational Chart (Merit Positions)



Notes: The Administrative Fund positions are reflected as identified in the proposed FY16 budget. There are 37 authorized Merit positions with 35 WYs.
** Programs funded by tax and non-tax supported funds.

(Administration Fund)
CAS Support Services Budget Overview

Central Administrative Services (CAS) consists of the following departments and units that provide corporate administrative governance and support to the agency as a whole:

- Department of Human Resources and Management
- Finance Department
- Legal Department
- Office of Internal Audit
- Office of the Chief Information Officer
- Merit System Board

CAS Support Services (CAS SS) accounts for non-discretionary shared operating expenses attributable to these bi-county operations. Expenses covered by the CAS Support Services budget include:

- Operating costs for housing CAS operations (office space and building operations).
- Personnel Services costs for reimbursement of unemployment insurance for the State of Maryland. There are no staff positions/work years assigned to this budget.
- Supplies and Materials category covers small office fixtures, communication equipment and other office supplies shared by departments/units in the building.
- Other Services and Charges (OS&C) category includes expenses for technology, utilities, postage, document production, and equipment repair/maintenance. OS&C also provides funds for CAS' share of Risk Management and majority of funding for equipment and services charges related to the Document Production Services Center.

Discussion of Proposed Budget

The FY16 proposed budget presents adjustments to the FY15 base budget without a request for new initiatives. All line items were reviewed for appropriate allocation and, wherever possible, reductions were made to further contain costs. The proposed budget incorporates the revised funding allocation of 44.7% Montgomery/55.3% Prince George's. This allocation shifts .4% from Montgomery to Prince George's as compared to FY15.

The total CAS Support Service budget for FY16 is \$1,395,652, which represents a 17.2% (or \$205,061) increase from FY15 levels. The FY16 total budget is allocated as follows:

- \$623,856 for Montgomery (adjusted from \$536,957 in FY15).
- \$771,796 for Prince George's (adjusted from \$653,634 in FY15).

The FY16 Proposed Budget adjustments are due to the following known commitments and essential needs (identified in items 1-3):

Major Known Commitments

1. An 11% increase of \$2.32/sq ft to cover occupancy costs for CAS units housed at the Executive Office Building (EOB). In FY15, the current rate of \$20.65 was supplemented by the use of \$120,839 in fund balance. During the FY15 budget review, it was indicated that use of fund balance would be phased out in FY16. Therefore, the rate is being adjusted to \$22.97/sq ft. to cover identified operating costs without use of fund balance, which is needed to cover unforeseen costs associated with an aging infrastructure and systems.
2. \$90,000 in reallocated budgeted costs for Copier Maintenance/Lease Agreements. This item was previously included under the DHRM budget and was shifted to the CAS Support Services as it represents charges for shared printing/publication among CAS departments.

New Essential Needs

3. \$75,000 for external lease/rent to address the housing of staff that cannot be accommodated within the existing EOB facility. The current building layout provides inadequate workspaces to house the authorized staff positions. While we have reworked existing office/storage spaces to house staff, the structural design of the building poses a number of challenges. In FY15, there is a shortage of at least six (6) workspaces. In FY16, the problem will worsen as four (4) additional workspaces will be needed.

Prior to the adjustment identified in items 1-3 above, the base budget for CAS Support Services decreased by 4% (or \$49,924), due to cost containment in areas related to telephone, postage and supply charges.

FY16 PROPOSED BUDGET CENTRAL ADMINISTRATIVE SERVICES SUPPORT SERVICES				
SUMMARY OF ANNUAL COMPARISONS				
COUNTY/MAJOR OBJECT EXPENDITURES	FY15 ADOPTED	FY15 ESTIMATE	FY16 PROPOSED	% CHANGE
<u>MONTGOMERY COUNTY</u>				
Personnel Services	4,510	4,510	4,685	3.9%
Supplies & Materials	15,334	15,334	11,175	-27.1%
Other Services & Charges	517,113	517,113	607,997	17.6%
Capital Outlay	-	-	-	
Subtotal	\$ 536,957	\$ 536,957	\$ 623,856	16.2%
Less Chargebacks	-	-	-	
Total	\$ 536,957	\$ 536,957	\$ 623,856	16.2%
Positions/Workyears	0/0	0/0	0/0	
<u>PRINCE GEORGE'S COUNTY</u>				
Personnel Services	5,490	5,490	5,795	5.6%
Supplies & Materials	18,666	18,666	13,825	-25.9%
Other Services & Charges	629,478	629,478	752,175	19.5%
Capital Outlay	-	-	-	
Subtotal	\$ 653,634	\$ 653,634	\$ 771,796	18.1%
Less Chargebacks	-	-	-	
Total	\$ 653,634	\$ 653,634	\$ 771,796	18.1%
Positions/Workyears				
<u>TOTAL EXPENDITURES</u>				
Personnel Services	10,000	10,000	10,480	4.8%
Supplies & Materials	34,000	34,000	25,000	-26.5%
Other Services & Charges	1,146,591	1,146,591	1,360,172	18.6%
Capital Outlay	-	-	-	
Subtotal	\$ 1,190,591	\$ 1,190,591	\$ 1,395,652	17.2%
Less Chargebacks	-	-	-	
Total	\$ 1,190,591	\$ 1,190,591	\$ 1,395,652	17.2%
Positions/Workyears	0/0	0/0	0/0	
Allocation is 44.7% MC vs 55.3% PGC				

Administration Fund
Merit System Board Budget Overview

The Merit System Board (MSB) is authorized by the Commission's enabling legislation (Division II of the Land Use Article of the Code of Maryland, Title 16, Subtitle 1, "Merit System", Sections 16-101—108). It is an impartial Board composed of three members: the Chair, appointed to a four-year term; the Vice Chair, appointed to a three-year term; and a Board Member, appointed to a two-year term. They are responsible for making recommendations and decisions regarding the Commission's Merit System. Board members are experienced in personnel and employment issues and committed to fair and impartial investigations and decisions on the application of Commission policy to non-represented Merit System employees.

The duties of the Merit System Board are to:

- Review, hear, and make decisions on appeals of adverse actions (e.g., termination, demotion, loss of pay, etc.).
- Review, hear, and make decisions on appeals of concerns that have not been resolved through the M-NCPPC administrative grievance process.
- Consider input from employees and management on issues pertaining to the Merit System.
- With support of the agency's Corporate Policy office and with input from employees and management, recommend changes to the Merit System Rules and Regulations Manual (which addresses employment rights, compensation and benefit policies). Recommendations are submitted to the Commission for adoption.
- With support of the Classification/Compensation office, review proposed changes to compensation and classification plans and submit recommendations to the Commission.
- Report periodically, or as requested, to the Commission on matters relating to the Merit System.

Discussion of Proposed Budget

Both counties fund the Merit Board's budget equally. The Board is comprised of three members whose salaries are set by contract. The Commission has discretionary powers to set the rate of pay for each of the Merit System Board members. At the present time, no salary increase has been approved for the Board members.

The Board is supported by one part-time Merit System position. For FY16, the part-time hours of the Merit System position are not expected to change.

FY16 Budget Priorities and Strategies

Continue to provide:

- Timely review of cases.
- Objective review of matters and policy recommendations before the Board.
- Quality services to the agency and employees.

FY16 Base Budget and Known Operating Commitments

- The proposed FY16 budget is \$139,595 and reflects a reduction of 15.7% or (\$26,082) from FY15 levels. This reduction is primarily attributed to a decrease in wage and benefit cost as a result of adjustments to personnel projections by the Corporate Budget Office. Board member salaries are determined by contract and are not subject to employee wage adjustments. The Merit System Board is funded 50% Montgomery/50% Prince George's.

New Essential Needs/Initiatives

The Board has not proposed any new essential needs/initiatives for FY16.

**CENTRAL ADMINISTRATIVE SERVICES
MERIT SYSTEM BOARD BY MAJOR OBJECT
EXPENDITURE BY COUNTY AND MAJOR OBJECT**

SUMMARY OF ANNUAL COMPARISONS

COUNTY/MAJOR OBJECT EXPENDITURES	FY15 ADOPTED	FY15 ESTIMATE	FY16 PROPOSED	% CHANGE
<u>MONTGOMERY COUNTY</u>				
Personnel Services	62,410	62,410	48,961	-21.5%
Supplies & Materials	900	900	918	2.0%
Other Services & Charges	19,500	19,500	19,890	2.0%
Capital Outlay				
Subtotal	\$ 82,810	\$ 82,810	\$ 69,769	-15.7%
Less Chargebacks	-	-	-	
Total	\$ 82,810	\$ 82,810	\$ 69,769	-15.7%
Positions/Workyears	.5/.25	.5/.25	.5/.25	
<u>PRINCE GEORGE'S COUNTY</u>				
Personnel Services	62,410	62,410	48,961	-21.5%
Supplies & Materials	900	900	918	2.0%
Other Services & Charges	19,500	19,500	19,890	2.0%
Capital Outlay	-	-	-	
Subtotal	\$ 82,810	\$ 82,810	\$ 69,769	-15.7%
Less Chargebacks	-	-	-	
Total	\$ 82,810	\$ 82,810	\$ 69,769	-15.7%
Positions/Workyears	.5/.25	.5/.25	.5/.25	
<u>TOTAL EXPENDITURES</u>				
Personnel Services	124,820	124,820	97,922	-21.5%
Supplies & Materials	1,800	1,800	1,836	2.0%
Other Services & Charges	39,000	39,000	39,780	2.0%
Capital Outlay	-	-	-	
Subtotal	\$ 165,620	\$ 165,620	\$ 139,538	-15.7%
Less Chargebacks	-	-	-	
Total	\$ 165,620	\$ 165,620	\$ 139,538	-15.7%
Positions/Workyears	1/.50	1/.50	1/.50	

(Internal Service Fund)
Executive Office Building Budget Overview

The Executive Office Building Internal Service Fund accounts for expenses related to the daily operations and maintenance of the Executive Office Building (EOB) at 6611 Kenilworth Avenue in Riverdale, Maryland. The building, which was built 1968, serves as the headquarters for the Central Administrative Services (CAS) departments of Finance, Legal, and Human Resources and Management (DHRM); the Office of Internal Audit; the Office of the Chief Information Officer; and the Merit System Board. Additionally, it houses the Employees' Retirement System, and two units of the Prince George's County Parks and Recreation Department (Information Technology & Communication Division, and the Park Planning and Development Engineering Section). The EOB Budget supports two employees who are responsible the daily maintenance, repair, and operation of the facility and surrounding property.

Major maintenance projects include repair/replacement of failing mechanical systems, reconstruction/renovations due to routine use, maintenance of security systems, and, compliance with regulatory and workplace safety standards (e.g. Fire, elevator, electrical, OSHA, MOSH, EPA, and the Americans with Disability Act).

Highlights and Major Changes in the FY16 Proposed Budget

For FY16, the EOB budget request is \$1,194,440, which represents a slight increase of .23% (or \$2,749) as compared to the FY15 budget. Although the building's aging infrastructure requires increasingly more attention, we are able to maintain a flat budget through cost-containment measures resulting from competitive bidding of specialized maintenance service and decreased reliance on external service contracts. Revenue to the fund is provided annually through operational occupancy charges to the tenant departments/operations based on allocated space. Occupancy rates are based on anticipated operating expenses to enable a clean, safe, and secure worksite for occupants and visitors. The cost per square foot includes janitorial services, security and electronic access system, grounds maintenance, and daily facility maintenance services. The FY16 budget includes an increase to of \$2.32/sq. foot to fully cover operating costs without use of a fund balance subsidy.

• **Revenue to the Fund:**

\$1,194,440 is projected from occupancy revenue. This revenue is based on the per square footage cost to operate the building. In FY15, the Commission approved the use of \$120,000 in fund balance, with the understanding that the use of fund balance would be phased out in FY16. Increasing the rate from \$20.65 to \$22.97 per square foot covers budgeted expenses and eliminates the use of fund balance.

• **Expenditures in the Fund:**

- **Personnel Services:** The EOB is maintained by two staff. Overall personnel costs are projected to have a small increase of 1.4% (\$3,353) due to adjustment in Other Post-Employment Benefits (OPEB) and reduced allowance for emergency work.
- **Supplies and Materials:** This category covers small supplies, technology equipment/software and security systems. Expenses in this category are projected to increase by 4.9% (or \$971) based on a 2% CPI and industry adjustment for building supplies (e.g. HVAC refrigerant/parts).

- Other Services and Charges: This component includes expenses for construction, repairs, maintenance of major mechanical and operating services (elevator, HVAC, electrical, roofing), funding for capital improvements, and chargebacks. Expenses in this category increased 10.4% (or \$55,733) to accommodate 2% CPI adjustment for services and materials and additional maintenance needed on electrical/HVAC systems. Increases were partially offset by savings in utility costs through life cycle replacement of older equipment with higher efficiency systems.
- Capital Outlay: This category includes capital expenses for structural improvements, machinery, and equipment (boilers, elevators, generators, etc.). This category has a 14.7% decrease (or -\$57,308) due to planned completion of elevator replacements.

Major Known Commitments

The base budget includes utilities, regular maintenance/repairs, and system upgrades needed to address concerns that were identified in comprehensive facility condition/energy use assessment. Some of the more significant projects are listed below, and respond to failing systems, structural improvements, and regulatory compliance with workplace safety standards and the ADA.

- Feasibility Study of Executive Office Building (\$25,000)
Due to the aging infrastructure, increasing repairs, and inadequate space issues, the Planning Boards supported a feasibility analysis of the EOB building. Structural and compliance reviews were conducted to ensure building integrity, occupant safety, energy efficiency, and compliance with fire/ADA and building codes. Corrective actions are underway, and are being phased in to reduce budget impact.

The second phase of this study will address more efficient and effective use of building space to improve service delivery, address inadequate workspace needs, and address concerns such as security.
- Asbestos/Lead Study (\$15,000)
Due to the age of the building, a comprehensive analysis must be conducted and maintained to identify these elements within the building.
- Address Heating/Ventilation and Cooling Issues (\$90,000 of which \$75,000 is budgeted in Capital Outlay)
A facility assessment of EOB identified significant uneven and inadequate heating/cooling/ventilation throughout central areas of the building. The present building structure (built in 1968) was designed for work spaces to be located along perimeter walls. As we attempt to utilize core spaces to rectify inadequate work area needs, problems with stagnant airflow, moisture levels, inefficient use of energy, and, adequate heat have been identified. Instead of addressing concerns through a piecemeal approach, HVAC expertise is needed to identify appropriate HVAC modifications including proper duct work alignment. This will ensure maximum efficiency and mitigate occupant/visitor complaints regarding ventilation and moisture (15K in Professional Services and 40K in Capital Outlay for HVAC system modifications).

Other essential, planned, HVAC work is the continued phased-in replacement of aging perimeter window HVAC units. These units have exceeded their life cycle and require an increasing number of repairs. Furthermore, the units rely on Freon 22 as the cooling agent. The EPA has established a mandate to phase out the use of this type of Freon. All manufacturers of air conditioning and heating equipment are now required by law to only produce HVAC equipment that uses the new, environmentally friendly, R-410A Freon. In 2020, Freon R-22 will become completely obsolete and extinct. The phased-in replacement uses energy efficient units that will result in lower energy consumption, reduce staff time for repairs, and comply with new EPA regulations. The units will also allow us to meet the mandates of the Commission's Sustainability Policy. (35K in Capital Outlay for replacement of perimeter HVAC system).

Required Building Improvements Other than HVAC (\$257,000 Capital Outlay)

Planned projects address building code and regulatory compliance areas, as well as mechanical upgrades of operating systems that have surpassed their life cycle and require an increasing number of repairs. Work is needed to prevent further deterioration of the facility and ensure dependable operations, regardless of the outcome of the building feasibility study.

Projects include ADA modifications, electrical, plumbing, and fire/EMS system upgrades, repointing masonry for structural integrity, and phased in replacement of deteriorating/damaged windows.

Staffing Changes

This fund includes 2.0 positions and 2.0 workyears. No changes in positions or workyears are proposed.

COMMISSION WIDE EXECUTIVE OFFICE BUILDING INTERNAL SERVICE FUND Summary of Revenues, Expenses, and Changes in Fund Net Position				
	FY 15 Adopted	FY 15 Estimate	FY 16 Proposed	% Change
Operating Revenues:				
Charges for Services:	\$			
Office Space Rental- PGC Parks and Rec.	190,992	190,992	212,449	11.2%
Retirement System	86,317	86,317	96,015	11.2%
CAS Departments	796,491	796,491	885,976	11.2%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	-
Total Operating Revenues	<u>1,073,800</u>	<u>1,073,800</u>	<u>1,194,440</u>	<u>11.2%</u>
Operating Expenses:				
Personnel Services	244,316	244,316	247,669	1.4%
Supplies and Materials	19,800	19,800	20,771	4.9%
Other Services and Charges:	538,267	538,267	594,000	10.4%
Debt Service:				
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
Depreciation & Amortization Expense	-	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	389,308	389,308	332,000	-14.7%
Other Classifications	-	-	-	-
Chargebacks - Finance Dept.	-	-	-	-
Total Operating Expenses	<u>1,191,691</u>	<u>1,191,691</u>	<u>1,194,440</u>	<u>0.23%</u>
Operating Income (Loss)	<u>(117,891)</u>	<u>(117,891)</u>	<u>-</u>	<u>-100.0%</u>
Nonoperating Revenue (Expenses):				
Interest Income	-	-	-	-
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	-	-	-	-
Total Nonoperating Revenue (Expenses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Income (Loss) Before Operating Transfers	<u>(117,891)</u>	<u>(117,891)</u>	<u>-</u>	<u>-100.0%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(117,891)</u>	<u>(117,891)</u>	<u>-</u>	<u>-100.0%</u>
Total Net Position - Beginning	<u>2,748,240</u>	<u>2,748,240</u>	<u>2,630,349</u>	<u>-4.3%</u>
Total Net Position - Ending	<u>\$ 2,630,349</u>	<u>2,630,349</u>	<u>2,630,349</u>	<u>0.0%</u>

(Internal Service Fund)
Risk Management Budget Overview

Summary

The Commission's Risk Management/Self Insurance Fund was established on July 1, 1978. Through centralized management, the Risk Management program uses safety and loss control practices and self-insurance administration to reduce liability and mitigate losses to the Commission. The program's overall goals include: reducing the risk of personal injury to employees; protecting and securing Commission assets; avoiding or minimizing injury to users of Commission services and facilities; and managing costs and risk efficiently. The Department of Human Resources and Management (DHRM) is responsible for the program. The Fund is administered jointly along with the Finance Department.

The program goals are met through risk assessments; implementation of loss control programs; management of commercial insurance and self-insured coverages; subrogation of liability; establishment of vendor insurance requirements to protect the agency against losses; supervisory/employee training and compliance reviews for adherence with workplace safety regulations issued by Maryland Occupational Safety and Health (MOSH), federal Occupational Safety and Health Administration (OSHA), Environmental Protection Agency (EPA) and the Department of Transportation (DOT); accident and damage investigations; facility inspections; administration of safety programs such as the drug and alcohol education and testing program, drivers' license monitoring program and defensive driving programs, risk assessments of new and existing agency programs; emergency response programs, case management of workplace injuries and liability claims. The Risk Management Office is staffed by three safety specialists, a workers' compensation specialist, a liability specialist, and a risk manager. A small amount of the Division Chief's time is directly charged to the Fund and some fiscal oversight by the Executive Director, Corporate Budget team and the Finance Department is charged back to the Risk Management program

For specialized services related to third party reviews of workers' compensation/liability claims and participation in group insurance, the Commission participates in a self-insurance program administered by the Montgomery County Government (MCSIP). This program is open to the Commission as a bi-county organization. Participation in MCSIP offers cost effective, independent claims adjudication services, and group discounts on commercial insurance policies for areas of general liability, real and personal property, police professional liability, automobile liability, and public official liability. Participation in MCSIP is reflected in the budget through external administration fees. Separate from MCSIP, the Commission also purchases insurance for various surety bonds, police horses, catastrophic and blanket coverage for other specialized programs. The Commission handles its own litigation and representation on liability and workers' compensation claims as the agency has better control of the outcome from these efforts. The Legal Department charges the Fund for these legal services.

FY16 PROGRAM PRIORITIES

- Develop comprehensive database of safety training programs to enhance tracking of necessary instruction, covered positions, and participants who have completed required training.
- Continue analyzing evolving regulatory standards and ensuring timely update of risk and safety policies for continued compliance with external regulatory, accreditation and accountability standards.
- Design and implement supervisory training on accident investigations related to maintenance/trades/construction activities.
- Continue comprehensive examination of workers' compensation and liability claims for accident reduction and enhanced return to work strategies.

FY15 PROGRAM ACCOMPLISHMENTS

- Developed and implemented OSHA certification training for all maintenance/construction supervisors to enhance understanding and application of federal safety standards.
- Completed updated blood-borne pathogen training for all first responders that includes new Center for Disease Control components on communicable diseases.

- Implemented bi-county working group with county health departments and emergency management services representatives to encourage protocol exchange and more consistent guidance on biohazards.
- Updated safety manual to incorporate new federal/state regulatory standards and enhanced protocols on construction/maintenance operations (e.g. welding, forklift, equipment operation).
- Designed and conducted mandatory safety and liability awareness training for more than 1200 participants. Implemented online safety training for supervisors in a number of areas including: job safety analysis and hazard communications).

HIGHLIGHTS AND MAJOR CHANGES IN THE FY16 PROPOSED BUDGET

Each year, the Risk Management budget is developed to establish necessary funding levels for projected future claims, insurance costs, personnel costs, and external administration fees. Claims expenses include paid claims, incurred but not reported claims estimates, and claim reserves. While the Commission subrogates its claims to offset losses and applies for reimbursements from the Federal Emergency Management Administration (FEMA), these recoveries are not budgeted as a revenue source to this Fund, but are returned directly to the affected departments after being received.

Total proposed FY16 agency-wide expenses are \$ 8,283,409. After the application of unrestricted fund balance and interest income (explained further below in greater detail) the total funding needs are adjusted to \$6,959,800.

As illustrated in Table 1 (below), the FY16 proposed expenses of \$8,363,409 reflect a 17% decrease from the FY15 adopted budget levels of \$10,009,460. These expenses are comprised of three components as reflected in Table 2. The largest component (66%) is related to costs for workers’ compensation and liability claims. By nature, this expense can vary significantly year to year based on number, severity, and complexity of claims filed. As the Commission participates in the Montgomery County Government Self Insurance Program (MCSIP) for claim management services, we employ actuarial consultant AON to review historical losses and determine our projected costs. The FY16 reductions are primarily attributed to enhanced claims management and an adjusted actuarial approach that utilizes a longer historical average of claims data to project future costs. This approach, which is commonly referred to as smoothing, is used to minimize volatility in projected claims costs.

Table 1— Total Proposed FY16 Expenses (Before Interest Income and Use of Fund Balance)
Allocation of expenses for each county along with a comparison to the FY15 adopted levels

County	FY15 Adopted Expenses	FY16 Proposed Expenses	% Change
Montgomery County	3,779,721	3,335,045	(12)%
Prince George’s County	6,229,739	5,028,364	(19)%
Total Operating Expenses	\$10,009,460	\$8,363,409	(16)%

Table 2: Expense Components

Category	FY16 Proposed Expenses	% of Total Expenses
Workers’ Compensation and Liability Claims	5,515,840	66%
Internal Administrative Expenses	1,658,659	20%
External Administrative Fees	1,188,910	14%
Total Operating Expenses	\$8,363,409	100%

Proposed Funding (After Use of Fund Balance and Interest Income)

The proposed FY16 expenses are offset through the application of unrestricted fund balance of \$1,323,609 and interest income of \$80,000. The adjusted agency-wide funding of \$ \$6,959,800 reflects a 31% reduction from FY15 adopted funding levels (Table 3). Table 4 provides the change in funding levels by county. The FY16 proposed county funding is allocated by department as presented on the Summary Budget Schedules (Attachments 1 and 2).

Table 3: Change in Agency-Wide Funding Levels (FY16 vs. FY15)

Commission-wide	FY15 Adopted Budget	Proposed FY16	% Change
Total Expenses	10,009,460	8,363,409	
Use of Fund Balance	209,040	(1,323,609)	
Interest Income	(46,600)	(80,000)	
Total Funding Needs	\$10,171,900	\$6,959,800	(32)%

Table 4: Change in County Funding Levels (FY16 vs. FY15)

County	FY15 Adopted Budget	Recommended FY16	Change %
Montgomery	3,501,200	2,770,200	(21)%
Prince George's County	6,670,700	4,189,600	(37)%
Total Funding	\$10,171,900	\$6,959,800	(32)%

Montgomery County

The FY16 proposed expense for Montgomery County funded operations is \$3,335,045. After the application of \$534,845 in available fund balance and \$30,000 of interest income, the proposed funding level is adjusted down to \$ 2,770,200. The FY16 funding level represents a 21% decrease from the FY15 adopted budget, due to savings in projected claims expenses and an increase in available fund balance to offset costs.

- 97% of funding is attributed to the Park Fund (\$2,681,100). The Enterprise Fund comprises 1% (\$38,000); 2% is attributed to the Planning Department (\$46,400); and 0.1% is attributed CAS Operations (\$4,700).

Prince George's County

The FY16 proposed expense for Prince George's County funded operations is \$5,028,364. After the application of \$ 788,764 in available fund balance and \$50,000 of interest income, the proposed funding level is adjusted down to \$ 4,189,600. The FY16 funding level represents a 37% decrease from the FY15 adopted budget, due to savings in projected claims expenses and use of fund balance.

- 90% of funding is attributed to the Parks and Recreation Funds (\$2,724,100) and (\$ 1047100) respectively. 6% of funding is allocated to the Enterprise Fund (\$248300); 4% for the Planning Department (\$165400); and .1% for CAS (\$4,700).

Expense Summary

As noted previously, the Risk Management Fund expenses fall into three categories: Workers' Compensation and Liability Claims, Internal Administrative Expenses and External Administrative Expenses.

- Workers' Compensation and Liability Claims: As illustrated in Table 2 (above), claims costs make up 66% (or \$5,515,840) of the total FY16 proposed expense for the Risk Management budget. Costs for workers' compensation and liability claims include the following three components:

- Paid claims: Actual payments for compensable open claims, whether they originated in the most recent fiscal year or prior periods.
- Claim reserves: Total expected expenses (present and future) for all open claims.
- Incurred but not reported claims (IBNR): Actuarial based estimate of claims that have occurred but may be delayed in getting reported.

FY16 proposed claims expenses utilize actuarial projections which help determine necessary funding levels to protect the agency against expected and unforeseen losses in future years. Actuarial projections are developed based on analysis of the last full cycle of claims (FY14 data), historical claims, expected future losses, and other variables such as expected industry adjustments for medical costs (workers' compensation) and replacement values (liability). As illustrated in Table 5, projected claims expenses reflect a 25% decrease from FY15 adopted budget levels.

Table 5: Change in Projected Workers' Compensation and Liability Claims Expenses (FY16 vs. FY15)

County	Adopted Funding for FY15	Proposed Funding for FY16 TOTAL	Change in Funding	% Change from FY15
Montgomery County	2,562,271	2,043,318	(518,953)	(20)%
Prince George's County	4,745,504	3,472,521	(1,272,983)	(27)%
Total	\$7,307,775	\$5,515,840	\$(1,791,935)	(25)%

The largest reduction is directly attributed to savings in workers compensation claims which comprise 82% of total claims expenses. These costs cover medical and wage reimbursements for employees with work related injuries. The remaining 18% of claims costs are related to liability claims due to property damage, auto damage, and third party claims.

- **Proposed Internal Administrative Expenses:** These expenses comprise 20% (or \$1,658,659) of the total FY16 proposed expenses (see Table 2). These expenses cover internal staff and programs for risk management and workplace safety. Staff is responsible for implementing loss control programs, conducting risk analysis, managing the agency's commercial and self-insurance programs, administering liability and workers' compensation programs, and managing safety programs (regulatory compliance, inspections, investigations, training, etc.).

New Initiative: This fund presently includes 6.0 positions and 6.3 workyears. For FY16, we are proposing the transfer of .5 position and .5 workyears through the sharing of an existing administrative position that is presently funded entirely by the Department of Human Resources and Management in the Administration Fund.

Due to realignment of the Corporate Budget's work program among budget analysts, the administrative position has capacity to support other work programs. The Risk Management/Workplace Safety program has significant need for administrative support. The cost of this transferred resource is \$53,000.

- The Risk Management/Workplace Safety Office develops and implements programs to protect employees and patrons, secure agency assets, and mitigate losses through inspections, administer workers' compensation, training, and liability programs. These programs require extensive reporting and compliance record keeping.
- The transfer of a ½ workyear will provide administrative support, so Risk and Safety Specialist can address more critical technical evaluations for the agency.

- **External Administrative Expenses:** are proposed at 14% (or \$1,188,910) of the total Risk Management Budget expenses (see Table 2). These expenses represent fees to MCSIP for claims adjudication, commercial insurance and actuarial services.

ATTACHMENT 1

**MONTGOMERY COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND
Summary of Revenues, Expenses, and Changes in Fund Net Position
PROPOSED BUDGET FY2016**

	FY15 Adopted	FY15 Estimate	FY16 Proposed	%
				Change
Operating Revenues:				
Charges for Services:				
Parks	\$ 3,344,000	3,344,000	2,681,100	-19.8%
Planning	38,600	38,600	46,400	20.2%
CAS	4,700	4,700	4,700	0.0%
Enterprise	113,900	113,900	38,000	-66.6%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	-
Total Operating Revenues	<u>3,501,200</u>	<u>3,501,200</u>	<u>2,770,200</u>	<u>-20.9%</u>
Operating Expenses:				
Personnel Services	416,986	416,986	458,098	9.9%
Supplies and Materials	20,578	20,578	22,500	9.3%
Other Services and Charges:				
Insurance Claims:				
Parks	2,468,546	2,468,546	1,966,796	-20.3%
Planning	108,889	108,889	41,173	-62.2%
CAS	6,323	6,323	4,904	-22.4%
Enterprise	(21,487)	(21,487)	30,445	-241.7%
Misc., Professional services, etc.	530,217	530,217	554,850	4.6%
Depreciation & Amortization Expense	-	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	249,669	249,669	256,279	2.6%
Total Operating Expenses	<u>3,779,721</u>	<u>3,779,721</u>	<u>3,335,045</u>	<u>-11.8%</u>
Operating Income (Loss)	<u>(278,521)</u>	<u>(278,521)</u>	<u>(564,845)</u>	<u>102.8%</u>
Nonoperating Revenue (Expenses):				
Interest Income	17,800	17,800	30,000	68.5%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	-	-	-	-
Total Operating Expenses	<u>17,800</u>	<u>17,800</u>	<u>30,000</u>	<u>68.5%</u>
Income (Loss) Before Operating Transf	<u>(260,721)</u>	<u>(260,721)</u>	<u>(534,845)</u>	<u>105.1%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	-	-	-	-
Change in Net Position	<u>(260,721)</u>	<u>(260,721)</u>	<u>(534,845)</u>	<u>105.1%</u>
Total Net Position - Beginning	<u>3,111,508</u>	<u>3,111,508</u>	<u>2,850,787</u>	<u>-8.4%</u>
Total Net Position - Ending	<u>2,850,787</u>	<u>2,850,787</u>	<u>2,315,942</u>	<u>-18.8%</u>
Designated Position	2,721,399	2,721,399	3,277,282	20.4%
Unrestricted Position	129,388	129,388	(953,701)	-837.1%
Total Net Position, June 30	<u>2,850,787</u>	<u>2,850,787</u>	<u>2,323,581</u>	<u>-18.5%</u>

Note: Allocation of administrative expense paid to Montgomery County for insurance pool management				
Parks	379,013	435,865	446,127	93.8%
Planning	8,691	9,995	11,414	2.4%
CAS	1,076	1,237	1,284	0.3%
Enterprise	9,887	11,370	16,740	3.5%
Total	<u>398,667</u>	<u>458,467</u>	<u>475,565</u>	<u>100.0%</u>

depreciation as reported in the CAFR; however, the budget for these funds is prepared on a cash requirements basis.

For Proposed Budgeting the prior year Adopted Budget will be used (operating w/o transfers)

General Fund	114,287,186	114,287,186
Capital Projects Fund	13,142,846	40,937,000
Enterprise Fund	8,639,917	8,639,917
Total	<u>136,069,949</u>	<u>163,864,103</u>
Reservation Percentage	2.0%	2.0%
Reservation Amount	<u>2,721,399</u>	<u>3,277,282</u>

ATTACHMENT 2

**PRINCE GEORGE'S COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND
Summary of Revenues, Expenses, and Changes in Fund Net Position
PROPOSED BUDGET FY2016**

	FY 15 Adopted	FY 15 Estimate	FY 16 Proposed	%
				Change
Operating Revenues:				
Charges for Services:	\$			
Parks	4,325,300	4,325,300	2,724,100	-37.0%
Recreation	1,695,800	1,695,800	1,047,100	-38.3%
Planning	221,900	221,900	165,400	-25.5%
CAS	4,700	4,700	4,700	0.0%
Enterprise	423,000	423,000	248,300	-41.3%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	-
Total Operating Revenues	<u>6,670,700</u>	<u>6,670,700</u>	<u>4,189,600</u>	<u>-37.2%</u>
Operating Expenses:				
Personnel Services	416,986	416,986	458,098	9.9%
Supplies and Materials	20,578	20,578	22,500	9.3%
Other Services and Charges:				
Insurance Claims:				
Parks	2,779,677	2,779,677	2,460,802	-11.5%
Recreation	1,247,707	1,247,707	705,790	-43.4%
Planning	229,821	229,821	101,398	-55.9%
CAS	8,249	8,249	5,208	-36.9%
Enterprise	480,050	480,050	199,323	-58.5%
Misc., Professional services, etc.	774,841	774,841	792,631	2.3%
Depreciation & Amortization Expense	-	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	271,830	271,830	282,614	4.0%
Total Operating Expenses	<u>6,229,739</u>	<u>6,229,739</u>	<u>5,028,364</u>	<u>-19.3%</u>
Operating Income (Loss)	<u>440,961</u>	<u>440,961</u>	<u>(838,764)</u>	<u>-290.2%</u>
Nonoperating Revenue (Expenses):				
Interest Income	28,800	28,800	50,000	73.6%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	-	-	-	-
Total Nonoperating Revenue (Expenses):	<u>28,800</u>	<u>28,800</u>	<u>50,000</u>	<u>73.6%</u>
Income (Loss) Before Operating Transfers	<u>469,761</u>	<u>469,761</u>	<u>(788,764)</u>	<u>-267.9%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	469,761	469,761	(788,764)	-267.9%
Total Net Position - Beginning	<u>5,734,443</u>	<u>9,873,784</u>	<u>10,343,545</u>	<u>80.4%</u>
Total Net Position - Ending	<u>\$ 6,204,204</u>	<u>10,343,545</u>	<u>9,554,781</u>	<u>54.0%</u>
Designated Position	5,849,341	5,849,341	5,976,661	2.2%
Unrestricted Position	354,863	4,494,204	3,590,193	911.7%
Total Net Position, June 30	<u>\$ 6,204,204</u>	<u>10,343,545</u>	<u>9,566,854</u>	<u>54.2%</u>

Note: Allocation of administrative expense paid to Montgomery County for insurance pool management

Parks	\$	432,431	432,431	504,337	70.7%
Recreation		134,749	134,749	156,936	22.0%
Planning		12,900	12,900	16,407	2.3%
CAS		1,039	1,039	1,424	0.2%
Enterprise		30,263	30,263	34,241	4.8%
Total		<u>611,382</u>	<u>611,382</u>	<u>713,345</u>	<u>100.0%</u>

reported in the CAFR; however, the budget for these funds is prepared on a cash requirements basis.

For Proposed Budgeting the prior year Adopted Budget will be used (operating w/o transfers)

General Fund	228,607,232	228,607,232
Capital Projects Fund	44,055,000	50,421,000
Enterprise Fund	19,804,804	19,804,804
Total	<u>292,467,036</u>	<u>298,833,036</u>
Reservation Percentage	2.0%	2.0%
Reservation Amount	5,849,341	5,976,661

(Internal Service Fund)
Commission-Wide Group Insurance Budget Overview

Summary

The Commission's Group Insurance Fund accounts for the costs associated with providing health insurance benefits to active and retired employees. The Fund revenues include employer, employee and retiree share of insurance premiums. Medicare Part D provides a subsidy. The Flexible Spending program is also a part of this fund.

As an internal service fund, the Fund covers all active employees with health and other insurance coverage in the operating departments and retirees eligible for health benefits. The premiums paid through the operating department insurance costs constitute most of the revenue, 81%. Revenue from employee and retiree share of the premiums makes up 18% of revenue, with the Medicare subsidy and interest income making up the balance. The fund is treated as a Commission-wide fund because its costs are not specifically generated by either county. Rather, the costs represent the total health insurance pool cost. In addition, OPEB Paygo costs are paid through the Group Insurance Fund.

The Group Insurance program is part of the Department of Human Resources and Management. It is staffed by 5 full-time positions plus a term contract position.

Highlights and Major Changes in the FY16 Proposed Budget

The Proposed FY16 expenditure budget is \$55.53 million, which is a 7.6 percent increase over the FY15 Adopted Budget. The dollar increase over FY15 Adopted Budget is \$3.92 million.

The FY16 Proposed Budget reflects the effect of previously negotiated changes in employee health insurance cost share and the increase in retiree health insurance cost share. Effective January 1, 2014, non-represented employees and MCGEO represented employees began paying a 20% cost share for certain health insurance plans. These cost shares apply to all health insurance plans except for the lowest cost plan and the prescription plan. For FOP represented employees and retirees, the cost share increased to 20% effective January 1, 2013. The increased employee cost share is reflected in the employee share of revenue. The administrative expenses are factored into the health insurance rates, and are paid through the premiums paid by the employer and employee.

The FY16 Proposed Budget contains a designated reserve of \$3.88 million, which is sufficient to meet the 7% of total operating expense reserve policy. A summary of the Proposed Budget is shown on the next page.

Requested Essential Need

In FY16, the Group Insurance Fund is proposing \$100,000 to be put toward wellness initiatives for staff. Wellness initiatives focus on healthy lifestyle choices and prevention of disease and injury. Our goal is to create a wellness culture through activities, events and online components that encourage employees to track their participation and success. These preventive measures will aid in combating rising health care costs by attacking the root of the problem, with the intention of curtailing the need for increased medical care and, thus, increased medical costs, which are often reflected in health care premiums employers and employees pay.

In FY16, \$15,000 is being added to the Group Insurance budget to cover the cost of printing and copying charges. These expenditures in the past have been charged to the Department of Human Resources and Management and in FY16, Group Insurance will begin paying its share of these costs.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
GROUP INSURANCE INTERNAL SERVICE FUND
Summary of Revenues, Expenses, and Changes in Fund Net Assets
PROPOSED BUDGET FISCAL YEAR 2016

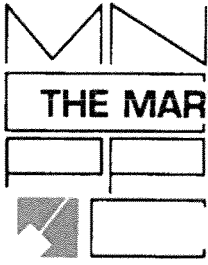
	FY13 Actual	FY14 Actual	FY15 Adopted	FY16 Proposed	%
					Change
Operating Revenues:					
Intergovernmental	\$	\$	\$	\$	
Medicare Part D Subsidy	453,235	449,576	450,000	700,000	55.6%
Charges for Services:					
Employee/Retiree Contributions	7,451,131	8,564,011	9,396,329	9,884,689	5.2%
Employer Contributions/Premiums	32,012,496	34,460,787	41,649,904	44,722,998	7.4%
Employer Contributions - Other	589,300	-	22,360	18,600	-16.8%
Total Operating Revenues	<u>40,506,162</u>	<u>43,474,374</u>	<u>51,518,593</u>	<u>55,326,287</u>	<u>7.4%</u>
Operating Expenses:					
Personnel Services	525,080	565,216	701,346	740,898	5.6%
Supplies and Materials	740	1,583	20,000	35,000	75.0%
Other Services and Charges:					
Professional Services	227,838	252,045	395,000	395,000	0.0%
Insurance Claims and Fees	31,124,830	31,740,851	42,413,811	46,212,545	9.0%
Insurance Premiums and Fees	6,657,154	7,111,649	7,814,040	7,866,031	0.7%
Change in IBNR	(233,822)	77,968	-	-	
Other Classifications					
Chargebacks	232,000	231,481	267,600	283,800	6.1%
Total Operating Expenses	<u>38,533,820</u>	<u>39,980,793</u>	<u>51,611,797</u>	<u>55,533,275</u>	<u>7.6%</u>
Operating Income (Loss)	<u>1,972,342</u>	<u>3,493,581</u>	<u>- (93,204)</u>	<u>(206,988)</u>	<u>122.1%</u>
Nonoperating Revenue (Expenses):					
Interest Income	13,891	24,671	15,000	15,000	0.0%
Total Operating Expenses	<u>13,891</u>	<u>24,671</u>	<u>15,000</u>	<u>15,000</u>	<u>0.0%</u>
Income (Loss) Before Operating Transfers	<u>1,986,233</u>	<u>3,518,252</u>	<u>(78,204)</u>	<u>(191,988)</u>	<u>145.5%</u>
Operating Transfers In (Out):					
Transfer In	-	-	-	-	
Transfer (Out)	-	-	-	-	
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Change in Net Assets	1,986,233	3,518,252	(78,204)	(191,988)	145.5%
Total Net Assets, Beginning	5,481,008	5,481,010	7,467,241	8,921,058	19.5%
Total Net Assets, Ending	<u>\$ 7,467,241</u>	<u>\$ 8,999,262</u>	<u>\$ 7,389,037</u>	<u>\$ 8,729,070</u>	<u>18.1%</u>
Designated Assets	3,149,651	3,449,191	3,612,826	3,887,329	7.6%
Unrestricted Assets	4,317,590	5,550,071	3,776,211	4,841,741	28.2%
Total Net Assets, June 30	<u>\$ 7,467,241</u>	<u>\$ 8,999,262</u>	<u>\$ 7,389,037</u>	<u>\$ 8,729,070</u>	<u>18.1%</u>

**STAFFING
COMPLEMENT**

	FY 12		FY 13		FY 14		FY 15		FY 16	
	Actual		Actual		Adopted		Adopted		Proposed	
	POS	WYS	POS	WYS	POS	WYS	POS	WYS	POS	WYS
GROUP INSURANCE FUND										
DEPARTMENT OF HMN. RES. & MGMT.										
Full-Time Career	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Part-Time Career	-	-	-	-	-	-	-	-	-	-
Career Total	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Term Contract	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Seasonal/Intermittent		0.70		0.70		0.70		-		-
Total Group Insurance Fund	4.00	4.70	4.00	4.70	4.00	4.70	6.00	6.00	6.00	6.00

We look forward to further discussion with the Boards on the budget proposals.

cc: Department Directors/Budget Coordinators



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue Riverdale, Maryland 20737

MEMORANDUM

DATE: November 12, 2014

TO: Montgomery County Planning Board
Prince George's County Planning Board

FROM: Joseph C. Zimmerman, Secretary-Treasurer

SUBJECT: Finance Department FY16 budget submission

The Planning Boards have provided general guidance for developing the FY 2016 budget. This guidance was to prepare a base budget for 2016 including major known commitments required to maintain services, and an essential needs request that will be considered for inclusion in the budget.

You considered the preliminary request some weeks ago, and authorized me to put it into final form.

I am pleased to submit the attachment in response to your guidance. Comments on specific items are as follows:

- Personal services: Recalculation of salaries to reflect current assignments along with projected reductions in pension cost resulted in a decrease of \$49,266. Funding of two lapsed positions increased the request by \$257,000 for a net increase of \$207,734. This amount does not include any anticipated amounts for merit or COLA increases, which are addressed separately by the Budget Office. Information on the positions to be funded is as follows:
 - Add staffing in the Purchasing Division- \$139,000 including benefits. The Purchasing Division is currently below its fiscal 2010 staffing levels. In addition to the increasing work volume experienced in recent years, the ERP system will provide significant new functionality to serve the Departments.

We have repurposed a vacant IT position to serve as the ERP support expert for this Division and are currently searching for the right candidate.

An area of deficit in Purchasing is expertise in Construction. While we have staff with experience in this area, it is believed that better service can be provided to the Departments by adding a senior level person with specific training and expertise in this area. This position would also serve as acting Purchasing Manager in the absence of the manager.

- Enterprise Financial System support. Permission is sought to hire an Accountant III level position in the Accounting Division that is currently approved, but not funded. This position would be tasked with being the ERP financial module expert, providing customer service to the operating Departments, training of new and existing users in the Departments, and report development and maintenance. This position would also be responsible for coordinating the upgrade to version 10 of the financial module. Projected cost for this position is \$118,000 including benefits.
- Other operating charges: Details of new/increased budget lines as approved for inclusion in the proposed budget are as follows:
 - Various contracts for software and IT hardware support will increase in cost for fiscal 2016 in the amount of \$18,700.
 - The current audit contract calls for a fee of \$110,000 in FY 2016, which is \$29,200 more than the line item in the current budget. This increase did not occur all in one year, but is the sum of increases over several years, none of which have been included in the budget. This has required us to reduce spending in other professional services to offset the amount.
 - Training. \$31,850 is requested to restore the Department training budget to FY 2011 levels. With the installation of the ERP solution, training is a critical need for new and existing staff. Additionally, we need to prepare for the upgrade to version 10 of the system in FY 2017. The importance of providing quality training opportunities cannot be stated strongly enough.

Changes to chargebacks will result in a \$69,800 decrease in the net budget for 2016.

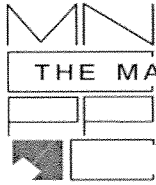
Details of the amounts allocated to each County, funded positions, and the total request are attached for your reference. I look forward to discussing this proposal with you on November 20.

CENTRAL ADMINISTRATIVE SERVICES
Expenditures by Department by Type
PROPOSED BUDGET FISCAL YEAR 2016

	FY 15 Adopted	FY 15 Estimate	FY 16 Proposed	%
				Change
Department of Finance				
Montgomery County				
Personnel Services	3,089,552	3,089,552	3,202,653	3.7%
Supplies and Materials	79,900	79,900	79,900	0.0%
Other Services and Charges	663,263	663,263	697,318	5.1%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	(757,200)	(757,200)	(791,800)	4.6%
Total	3,075,515	3,075,515	3,188,071	3.7%
Prince George's County				
Personnel Services	4,169,302	4,169,302	4,263,935	2.3%
Supplies and Materials	104,300	104,300	104,300	0.0%
Other Services and Charges	866,491	866,491	912,186	5.3%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	(1,490,000)	(1,490,000)	(1,525,200)	2.4%
Total	3,650,093	3,650,093	3,755,221	2.9%
Combined Total				
Personnel Services	7,258,854	7,258,854	7,466,588	2.9%
Supplies and Materials	184,200	184,200	184,200	0.0%
Other Services and Charges	1,529,754	1,529,754	1,609,504	5.2%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	(2,247,200)	(2,247,200)	(2,317,000)	3.1%
Total	6,725,608	6,725,608	6,943,292	3.2%

CENTRAL ADMINISTRATIVE SERVICES POSITION/WORKYEARS
POSITION DETAIL BY DEPARTMENT BY COUNTY

	FY 15		FY 15		FY 16	
	Adopted POS	WYS	Estimate POS	WYS	Proposed POS	WYS
DEPARTMENT OF FINANCE						
<i>Montgomery County</i>						
Full-Time Career	26.00	26.00	26.00	26.00	26.00	26.00
Part-Time Career	0.40	0.30	0.40	0.30	0.40	0.30
Career Total	26.40	26.30	26.40	26.30	26.40	26.30
Term Contract	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-
Less Lapse	(2.00)		(2.00)	(2.00)		(1.11)
Subtotal Department of Finance	24.30	24.30	26.40	24.30	26.40	25.19
<i>Prince George's County</i>						
Full-Time Career	34.00	34.00	34.00	34.00	34.00	34.00
Part-Time Career	0.60	0.30	0.60	0.30	0.60	0.30
Career Total	34.60	34.30	34.60	34.30	34.60	34.30
Term Contract	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-
Less Lapse	(2.60)		(2.60)	(2.60)		(1.49)
Subtotal Department of Finance	31.70	31.70	34.60	31.70	34.60	32.81
TOTAL						
Full-Time Career	60.00	60.00	60.00	60.00	60.00	60.00
Part-Time Career	1.00	0.60	1.00	0.60	1.00	0.60
Career Total	61.00	60.60	61.00	60.60	61.00	60.60
Term Contract	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-
Less Lapse	(4.60)		(4.60)	(4.60)		(2.60)
Total Department of Finance	61.00	56.00	61.00	56.00	61.00	58.00



November 20, 2014

To: Montgomery County Planning Board
Prince George's County Planning Board

From: Renee Kenney, Chief Internal Auditor

Re: FY16 Budget Request/Justification

Office of Internal Audit – FY16 Budget Summary

	<u>FY15</u> <u>Adopted</u>	<u>FY15</u> <u>Estimated</u>	<u>FY16</u> <u>Proposed</u>	<u>% Change</u>
Montgomery County				
Personnel Services	189,678	179,163	186,009	-1.97%
Supplies and Materials	5,500	5,500	5,500	0.00%
Other Services and Charges	4,100	5,630	5,630	27.18%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	-	-	-	-
Total	<u>199,278</u>	<u>190,293</u>	<u>197,139</u>	<u>-1.09%</u>
Prince George's County				
Personnel Services	399,747	373,809	421,865	5.24%
Supplies and Materials	9,500	9,500	9,500	0.00%
Other Services and Charges	7,200	10,670	10,670	32.52%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	(70,000)	(70,000)	(95,000)	26.32%
Total	<u>346,447</u>	<u>323,979</u>	<u>347,035</u>	<u>0.17%</u>
Combined Total				
Personnel Services	589,425	552,972	607,874	3.04%
Supplies and Materials	15,000	15,000	15,000	0.00%
Other Services and Charges	11,300	16,300	16,300	30.67%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	(70,000)	(70,000)	(95,000)	26.32%
Total	<u>545,725</u>	<u>514,272</u>	<u>544,174</u>	<u>-0.29%</u>

Office of Internal Audit – FY16 Staffing Summary

	FY 14 Budget		FY 15 Budget		FY 16 Budget	
	POS	WYS	POS	WYS	POS	WYS
OFFICE OF INTERNAL AUDIT						
<i>Montgomery County</i>						
Full-Time Career	2.00	1.50	2.00	2.00	2.00	2.00
Part-Time Career	-	-	-	-	-	-
Career Total	2.00	1.50	2.00	2.00	2.00	2.00
Term Contract	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-
Less Lapse	-	-	-	-	-	-
Subtotal Office of Internal Audit	2.00	1.50	2.00	2.00	2.00	2.00
<i>Prince George's County</i>						
Full-Time Career	3.00	2.50	3.00	3.00	3.00	3.00
Part-Time Career	-	-	-	-	-	-
Career Total	3.00	2.50	3.00	3.00	3.00	3.00
Term Contract	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-
Less Lapse	-	-	-	-	-	-
Subtotal Office of Internal Audit	3.00	2.50	3.00	3.00	3.00	3.00
TOTAL						
Full-Time Career	5.00	4.00	5.00	5.00	5.00	5.00
Part-Time Career	-	-	-	-	-	-
Career Total	5.00	4.00	5.00	5.00	5.00	5.00
Term Contract	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-
Less Lapse	-	-	-	-	-	-
Total Office of Internal Audit	5.00	4.00	5.00	5.00	5.00	5.00

NARRATIVE

The Office of Internal Audit (OIA) is requesting approval of their FY16 budget as presented. The FY16 total budget is \$544,174, slightly under (.29%) the FY15 adopted budget of \$545,725. If approved, total personnel services will increase \$18,449 (3.04%). The increase is primarily due to scheduled COLA's, performance increases and an equity adjustment offset with a decrease in benefit costs. Due to changes in the bi-county allocation percentages, personnel services for Prince George's County increase 5.24%; while Montgomery County's personnel services are expected to

decrease by 1.97%. FY15 estimated personnel services cost are under FY15 adopted numbers due to salary lapse (i.e. unfilled positions). The OIA is currently fully staffed and is not budgeting for any salary lapse in FY16.

The Office of Internal Audit is requesting a \$5,000 increase in Other Services and Charges, (\$26,300 to \$31,300). The increase will be split per the approved allocation rates (69.4%/30.6%). The increase is necessary to cover increased administrative costs, professional memberships, workshops, and general professional services.

Chargebacks to Prince George's County are expected to increase by approximately \$25,000. This is due to an approved equity adjustment (salary and benefits).

The Office of Internal Audit is not requesting any additional staffing. Positions and funded workyears remain constant at 5.

Thank you for your consideration.



Office of the General Counsel
Maryland-National Capital Park and Planning Commission

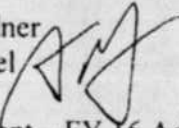
Reply To

November 13, 2014

Adrian R. Gardner
General Counsel
6611 Kenilworth Avenue, Suite 200
Riverdale, Maryland 20737
(301) 454-1670 • (301) 454-1674 fax

Memorandum

TO: Montgomery County Planning Board
Prince George's County Planning Board

FROM: Adrian R. Gardner
General Counsel 

RE: Legal Department – FY 16 Administration Fund

This memorandum is to solicit Planning Board input in crafting the FY 2016 budget for the Commission's Office of General Counsel (OGC or Legal Department).

A. Recommendation

I recommend a maintenance-of-effort budget with one modest enhancement.

B. Budget Proposal

The Legal Department's FY 2016 proposed budget after chargebacks is \$2,459,434, allocated as follows:

- Montgomery County Administration Fund: \$1,453,165
- Prince George's County Administration Fund: \$1,006,269

This proposal represents a modest net increase (1.1%) above our FY 2015 approval. That net increase actually includes four components: (a) a reduction in projected employee benefit costs, (b) enhancing one term contract work year to a career/merit position to service the planning functions in Montgomery County, (c) a significant increase in CIO cost allocated to the department, and (d) updating estimates for adjustments to attorney grade levels. All non-personnel items are retained at levels that are flat. The proposal considers the most recent cost allocation split 53.8/46.2 MC/PGC.

C. Conclusion

I respectfully request Planning Board support this proposal.

c: Tonya Miles, Chief Departmental Administrator

	<u>FY 15 Adopted</u>	<u>FY 15 Estimate</u>	<u>FY 16 Proposed</u>	<u>% Change</u>
Legal Department				
Montgomery County				
Personnel Services	1,837,794	1,837,794	1,780,896	-3.1%
Supplies and Materials	16,688	16,688	16,032	-3.9%
Other Services and Charges	232,603	232,603	230,457	-0.9%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	<u>(578,119)</u>	<u>(578,119)</u>	<u>(574,220)</u>	<u>-0.7%</u>
Total	<u>1,508,966</u>	<u>1,508,966</u>	<u>1,453,165</u>	<u>-3.7%</u>
Prince George's County				
Personnel Services	1,438,408	1,438,408	1,529,319	6.3%
Supplies and Materials	13,112	13,112	13,768	5.0%
Other Services and Charges	182,759	182,759	197,901	8.3%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	<u>(711,018)</u>	<u>(711,018)</u>	<u>(734,719)</u>	<u>3.3%</u>
Total	<u>923,261</u>	<u>923,261</u>	<u>1,006,269</u>	<u>9.0%</u>
Combined Total				
Personnel Services	3,276,202	3,276,202	3,310,215	1.0%
Supplies and Materials	29,800	29,800	29,800	0.0%
Other Services and Charges	415,362	415,362	428,358	3.1%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	<u>(1,289,137)</u>	<u>(1,289,137)</u>	<u>(1,308,939)</u>	<u>1.5%</u>
Total	<u>2,432,227</u>	<u>2,432,227</u>	<u>2,459,434</u>	<u>1.1%</u>

LEGAL DEPARTMENT

	FY 15 Adopted		FY 15 Estimated		FY 16 Proposed	
	POS	WYS	POS	WYS	POS	WYS
Montgomery County						
Full-Time Career	12.70	12.50	12.70	12.50	13.70	13.50
Part-Time Career	-	-	-	-	-	-
Career Total	12.70	12.50	12.70	12.50	13.70	13.50
Term Contract	1.00	1.00	1.00	1.00		
Seasonal/Intermittent		-		-		-
Less Lapse		-		-		-
Subtotal Legal Department	13.70	13.50	13.70	13.50	13.70	13.50
Prince George's County						
Full-Time Career	10.30	10.00	10.30	10.30	10.30	10.00
Part-Time Career	-	-	-	-	-	-
Career Total	10.30	10.00	10.30	10.30	10.30	10.00
Term Contract						
Seasonal/Intermittent		-		-		-
Less Lapse		-		-		-
Subtotal Legal Department	10.30	10.00	10.30	10.30	10.30	10.00
Total						
Full-Time Career	23.00	22.50	23.00	22.80	24.00	23.50
Part-Time Career	-	-	-	-	-	-
Career Total	23.00	22.50	23.00	22.80	24.00	23.50
Term Contract	1.00	1.00	1.00	1.00		
Seasonal/Intermittent		-		-		-
Less Lapse		-		-		-
Subtotal Legal Department	24.00	23.50	24.00	23.80	24.00	23.50