



April 30, 2026

MEMORANDUM

TO: Edward P. Burroughs III, Chair
Government Operations and Fiscal Policy (GOFP) Committee

THRU: Sylvia King *SK*
Senior Legislative Budget Officer

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

RE: Office of Management and Budget (OMB)
Fiscal Year 2027 Budget Review

Budget Overview

The FY 2027 proposed budget for the Office of Management and Budget is \$5,190,300, an increase of \$541,300, or 11.6%, over the FY 2026 Approved Budget. The increase is primarily due to increases in compensation and related fringe for two (2) new Budget Management Analyst positions, mandated salary requirements, and increased costs for temporary staff support, travel/training, and space rental for events such as Budget School and public budget listening sessions.

- Increased recoveries due to increased compensation, fringe benefits, and the recovery rate†for staff†dedicated to the Capital Improvement Program (CIP).

Expenditures by Category - General Fund

| Category | FY 2025 Actual | FY 2026 Budget | FY 2026 Estimate | FY 2027 Proposed | Change FY26-FY27 | |
|-----------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------|
| | | | | | Amount (\$) | Percent (%) |
| Compensation | \$3,081,395 | \$3,202,800 | \$3,191,400 | \$3,846,500 | \$643,700 | 20.1% |
| Fringe Benefits | 936,008 | 1,021,700 | 973,000 | 1,230,200 | 208,500 | 20.4% |
| Operating | 568,033 | 635,500 | 676,500 | 402,300 | (233,200) | -36.7% |
| Capital Outlay | — | — | — | — | — | — |
| SubTotal | \$4,585,436 | \$4,860,000 | \$4,840,900 | \$5,479,000 | \$619,000 | 12.7% |
| Recoveries | (209,499) | (211,000) | (208,000) | (288,700) | (77,700) | 36.8% |
| Total | \$4,375,937 | \$4,649,000 | \$4,632,900 | \$5,190,300 | \$541,300 | 11.6% |

Staffing Changes and Compensation

Authorized Staffing Count - General Fund

| | FY 2026 Approved | FY 2027 Proposed | Change Amount | Percentage Change |
|--------------|-----------------------------|-----------------------------|--------------------------|------------------------------|
| Full-Time | 30 | 33 | 3 | 10.0% |
| Limited Term | 0 | 0 | 0 | 0.0% |
| Total | 30 | 33 | 3 | 10.0% |

- FY 2027 compensation is proposed at \$3,846,500, a \$643,700, or 20.1%, increase from the FY 2026 Approved Budget level. This increase is primarily due to the annualization of FY 2026 and planned FY 2027 salary adjustments, the addition of one Budget Management Analyst 3G position, the addition of one (1) Budget Management Analyst 4G position, and one (1) unfunded Budget Management Analyst 1G position.
- The FY 2027 Proposed Budget includes authorization to fund 32 out of 33 full-time General Fund positions.
- As of April 2026, the Office reported that it had seven (7) general fund vacancies. The positions are all pending announcement.
- As of April 2026, six (6) staff members had left the Office, leaving the attrition rate at 20% due to other job opportunities and retirement. The Budget Management Analyst positions are the most affected by attrition, leading to an increased workload for current staff.
- In FY 2026, three (3) Budget Management Analyst staff members were assigned to the Office of the County Executive for Performance Management and CountyStat duties, and their assignments are proposed to continue in FY 2027.

Fringe Benefits

| Fringe Benefits Historical Trend - General Fund | | | | | |
|--|---------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| | FY 2023 Actual | FY 2024 Actual | FY 2025 Actual | FY 2026 Approved | FY 2027 Proposed |
| Compensation | \$ 2,321,219 | \$ 2,949,061 | \$ 3,081,395 | \$ 3,202,800 | \$ 3,846,500 |
| Fringe Benefits Expenditures | \$644,458 | \$882,020 | \$936,008 | \$1,021,700 | \$1,230,200 |
| As a % of Compensation | 27.8% | 29.9% | 30.4% | 31.9% | 32.0% |
| % Change | | 36.9% | 6.1% | 9.2% | 20.4% |

- Fringe Benefit expenditures for FY 2027 are proposed at \$1,230,200, which is an increase of \$208,500, or 20.4%, above the FY 2026 Approved Budget to align with projected compensation increases.

Operating Expenses

- Operating expenditures for FY 2027 are proposed at \$402,300, a decrease of \$233,200, or -36.7%, below the FY 2026 Approved Budget. This decrease is primarily due to a decrease in the OIT technology allocation charge. Funding is also provided for training, printing, office supplies, interpretation services, advertising, membership costs, and office equipment.

| Operating Objects | FY 2026 Approved | FY 2026 Estimate | FY 2027 Proposed | \$ Change FY26 Approved- FY27 Proposed | Explain reason for budgetary change for each object |
|---|---------------------|---------------------|---------------------|--|--|
| Telephone | \$5,600 | \$5,000 | \$1,700 | (\$3,900) | Reduced to account for Teams Voice Implementation |
| Printing | \$17,000 | \$10,000 | \$17,000 | \$0 | |
| Office Automation | \$573,400 | \$573,400 | \$271,700 | (\$301,700) | Reduced based on actual costs |
| Training | \$10,000 | \$9,200 | \$16,100 | \$6,100 | Increased based on need and new staff |
| Advertising | \$400 | \$200 | \$0 | (\$400) | Reduced based on need |
| Travel: Non-Training | \$4,000 | \$4,000 | \$16,800 | \$12,800 | Increased based on need and new staff |
| Membership Fees | \$1,200 | \$1,700 | \$1,200 | \$0 | |
| Mileage Reimbursement | \$500 | \$500 | \$500 | \$0 | |
| General & Administrative Contracts | \$9,000 | \$9,000 | \$59,000 | \$50,000 | Increased based on need |
| Operating Contracts | \$0 | \$0 | \$0 | \$0 | |
| General Office Supplies | \$10,900 | \$16,000 | \$10,000 | (\$900) | Reduced based on need |
| Office and Operating Equipment Non-Capital | \$500 | \$500 | \$5,000 | \$4,500 | Space rental for budget school |
| Interpreter Fees | \$3,000.00 | \$6,000.00 | \$3,300 | \$300.00 | Increased based on need |
| TOTAL | \$635,500 | 635,500 | \$402,300 | (\$233,200) | |

- The following line items are proposed to be increased in FY 2027:
 - General & Administrative Contracts \$59,000
 - Travel: Non-Training \$16,800
 - Training \$16,100
 - Office and Operating Equipment Non-Capital \$5,000
 - Interpreter Fees \$3,300
- Office expenditures are proposed to decrease in FY 2027 by \$301,700 based on actual costs. Telephone expenditures are also proposed to decrease by \$3,900 to account for Teams Voice implementation. General Office Supplies decrease by \$900 based on need.

Recoveries

- In FY 2027, the Office is estimated to receive a total of \$288,700 in recoveries, an increase of \$77,700 from the previous year.
- Recoveries increase 36.8% over the FY 2026 budget due to increased compensation, fringe benefits, and the recovery rate for staff dedicated to the Capital Improvement Program (CIP).

Workload and Program Performance

▪ **General Fund Balance:**

- The FY 2026 approved budget assumed use of \$4.4 million in unassigned balance for one-time purposes such as PAYGO capital spending. FY 2026 revenues are being revised upward, making it likely that no assigned fund balance will be used in the current fiscal year.
- The FY 2025 approved budget assumed that \$34.9 million of unassigned fund balance would be used to support spending. Of this amount, \$7.8 million was for one-time purposes, including strategic IT initiatives (\$3.0 million), a final debt service payment in support of the University of Maryland Medical System (\$3.8 million), and support for the local business bond fund (\$1.0 million).

| General Fund - Fund Balance | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Fund Balance Designation | FY 2024 Actual | FY 2025 Actual | FY 2026 Estimated | FY 2027 Projected |
| <u>Restricted</u> | | | | |
| Economic Stabilization- 5% | \$ 228,029,595 | \$ 236,542,730 | \$ 246,694,600 | \$ 248,514,170 |
| Equipment Purchases | \$ 39,458,845 | \$ 43,852,329 | \$ - | \$ - |
| Real Estate Purchases | | \$ - | \$ - | \$ - |
| Total Restricted | \$ 267,488,440 | \$ 280,395,059 | \$ 246,694,600 | \$ 248,514,170 |
| Committed - Operating Reserve (2%/3%/4%/5%) | 136,817,757 | 189,234,184 | 246,694,600 | 248,514,170 |
| <u>Assigned</u> | | | | |
| Economic Development | 31,639,576 | 34,883,012 | - | - |
| Local Impact Grant | 3,791,544 | 3,103,739 | - | - |
| Summer Youth Enrichment Program | - | 635,233 | - | - |
| Property Sales and Acquisition | 27,844,809 | 30,744,534 | - | - |
| Other | 53,813,336 | 83,546,392 | - | - |
| Total Assigned | \$ 117,089,265 | \$ 152,912,910 | \$ - | \$ - |
| Unassigned | 358,509,668 | 338,631,175 | 320,774,889 | 317,135,749 |
| Total Fund Balance | \$ 879,905,130 | \$ 961,173,328 | \$ 814,164,089 | \$ 814,164,089 |
| Annual Change Amount | | 81,268,198 | (147,009,239) | - |
| Annual Percentage Change | | 9.2% | -15.3% | 0.0% |
| Fund Balance as a % of General Fund Budget | 19.8% | 20.7% | 16.5% | 16.4% |

Source: FY 2024 – FY 2025 ACFRs and FY 2027 Proposed Budget Book

▪ **CountyStat:**

CountyStat continues the following initiatives:

- A focus on elevated priorities-beautification, flooding, permitting, procurement, time to fill, and reducing violent crime, via the convening of CountyStat sessions and ongoing monitoring/recommendation building with appropriate agencies.
- Continue to monitor **payments made to County vendors** and help develop policies to ensure payment processes are efficient and timely.

- Will develop and present to the Chief Administrative Officer a platform on which to publish monthly priority metrics on the County government website.
- The CountyStat team has assisted with the following County Agencies:

| Agency Affected | Data Set | Issues Revealed | Improvements Made |
|------------------------------------|---|--|--|
| | <i>Example: Types of Workers' Compensation Claims</i> | <i>High number of vehicle accidents.</i> | <i>Provided additional training.</i> |
| OCR, DPIE, DPWT, DOE | Strikeforce Task Force 3-1-1 Backlog | Real-time monitoring efforts of backlog reduction | Built dashboards aimed at monitoring progress towards eliminating 3-1-1 backlogs |
| Health, OHS, Fire | Performance Plans (various datasets) | Data previously collected was changed based on agencies' new focus. | Reworked performance plans with agencies to ensure data was relevant. |
| Procurement, DPIE, OHRM and others | Various Datasets | Working in silos makes it difficult to get to certain issues that stall efficiency and effective service delivery. | Collaborated across agencies to enhance the procurement and permitting processes as well as reducing the time to fill vacancies across the County. |
| All Agencies | Various Datasets | Streamlined monitorable group of key performance indicators relevant to the administration's priorities | Agencies required to submit KPIs tied directly to leadership priorities |

Grants Management

- OMB will continue to partner with County agencies (Finance, Law, OIT, Health) to further streamline the grants management processes and strengthen efforts toward continuous improvement.
- One of the primary challenges OMB's faces is staffing resources to support the agency's role in providing oversight and technical assistance throughout the full grants management lifecycle of our external funding resources in a decentralized environment. Human resources are largely directed to support the General Fund, Special Revenue, Enterprise Funds and capital improvement budget program (CIP). Additionally, OMB continues to support the discretionary grantmaking programs of both the Executive and Legislative branches.
- OMB did not return any grant funding in FY 2025. The Office is not currently anticipating a return of grant funding in FY 2026.
- OMB met all financial and programmatic grant reporting requirements in FY 2026 to date for the Coronavirus State and Local Fiscal Recovery (SLFRF), also known as American Rescue Plan Act (ARPA) related funding under OMB assignment.

- *A full list of the SLFRF PE Report is in Attachment A of the First Round Responses. OMB are required to post all quarterly and annual reports to the County's American Rescue Plan Act (ARPA) webpage.*

Cannabis Reinvestment and Restoration Fund

- There has not been any expenditure activity with this fund (Fund 1008).
 - The law was changed last year to require each County to develop a comprehensive spending plan for how the funds will be used.
 - The Commission that was established in 2023 would have to meet (with the aid of Health Department staff) to get feedback from stakeholders and develop a plan to allocate the funds in accordance with State law.
 - The law is very specific about how and where funds can be used.
 - Currently, OMB is listed as an ex-officio member of the board and does not have the subject matter expertise or the staffing resources to support this board.
 - OMB is in the process of submitting legislation to modify OMB's role and to clarify the role of the Health Department in staffing this board.
- In FY 2024, the County received \$7,620,993.35 in Cannabis taxes and Cannabis Conversion fees and in FY 2025, the County received an additional \$3,379,989.64 from the same sources. There were no expenditures in FY 2024 or FY 2025. In the current fiscal year, \$930,055.43 has been received as of March 31, 2026.