THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
6611 Kenilworth Avenue Riverdale, Maryland 20730

Date: September 08, 2026

To: The Maryland-National Capital Park and Planning Commission

Via: William Spencer, Acting Executive Director
Terri Bacote-Charles, Corporate Budget Director

From: Melinda Duong, Corporate Budget Analyst III MD

Subject: Bi-county Operations Labor Cost Allocation Analysis for the FY28 Budget

Recommendation

It is recommended that the Commission adopt the update to the labor cost percentages used to allocate bi-county operations budgets between Montgomery and Prince George's counties for the FY28 Proposed Budget. The bi-county operations are commonly known as the Central Administrative Services (CAS).

Background

Developed annually by the Corporate Budget Office, the analysis looked at the six bi-county departments/operations providing services to the departments in the two counties. These six operations include:

- Department of Human Resources and Management (DHRM)
- Finance Department
- Legal Department
- Office of the Chief Information Officer (Corporate IT)
- Inspector General's Office
- Merit System Board

This analysis determines the percentage of time allocated to each county, and hence how much of each budget should be charged to each of the funding sources.

Within the six operations, there are three bi-county functions that are not addressed in this analysis: 1) Group Insurance – labor costs are factored into the rates set for the employer and employee/retiree, and, since FY14, no longer allocated and are charged directly to the operating departments in each county; 2) CIO – Labor costs are allocated by the percentage of subscriptions to the Cloud and included in the CIO Fund budget; 3) Risk Management – in the past the administrative costs have been allocated 50/50. After analyzing staff time records for the three-year period from FY24 to FY26, even though the allocation is slightly different each year, the annualized allocation for Risk Management remains 50/50.

Methodology

Fiscal year data is extracted from the timecard system. For those divisions for which cost drivers are not applied, work hours are classified as Montgomery County, Prince George's County or bi-county, according to the description of the labor codes used. If the labor code does not indicate a specific county for the work/leave hours, the hours are classified as bi-county. Bi-county hours are allocated 50/50 between the two counties.

For Accounts Payable, Treasury/Investments, Payroll and Purchasing units of the Finance Department, and Employee Records and Recruitment units of the Department of Human Resources and Management, the labor cost allocations are done using cost drivers, i.e., work hours are classified and distributed as Montgomery or Prince George's according to the Cost Driver table below. For Accounts Payable and Payroll, the driver is number of payments issued; for Purchasing the driver is total document volume (including PO's, contracts and purchase card transactions); for Treasury the driver is the number of cash receipts and deposits; for Employee Records the driver is the number of PA2's processed; for Recruitment the driver is the number of applications.

Whether utilizing the labor hour allocations or the cost drivers, the results are then factored into a three-year moving average to smooth individual year variations.

Two bi-county operations do not utilize either of these methodologies. For the Merit System Board, it is assumed that the decisions they render are applicable to the Commission as a whole. Therefore, their budget is allocated on a 50/50 basis.

CAS Support Services – Historically allocated on a 50/50 basis, beginning with FY15 these expenses are now allocated based upon the three-year labor allocation average of the bi-county departments/units that are supported.

Results

Cost drivers were updated for FY26 by Finance and DHRM and these results are shown below along with the drivers used for prior periods.

Cost Drivers	FY22		FY23		FY24		FY25		FY26		% shift in Share	
	MC	PGC	MC	PGC	MC	PGC	MC	PGC	MC	PGC	MC	PGC
Accounts Payable	44.40%	55.60%	44.70%	55.30%	44.30%	55.70%	43.10%	56.90%	43.40%	56.60%	0.3%	-0.3%
Payroll	27.57%	72.43%	25.87%	74.13%	25.69%	74.31%	25.19%	74.81%	24.70%	75.30%	-0.5%	0.5%
Purchasing	48.26%	51.74%	45.07%	54.93%	44.61%	55.39%	40.26%	59.74%	40.45%	59.55%	0.2%	-0.2%
Treasury/Investment	20.00%	80.00%	20.00%	80.00%	20.00%	80.00%	20.00%	80.00%	20.00%	80.00%	0.0%	0.0%
Employee Records	18.91%	81.09%	19.74%	80.26%	23.01%	76.99%	18.58%	81.42%	23.17%	76.83%	4.6%	-4.6%
Recruitment	47.88%	52.12%	45.40%	54.60%	46.02%	53.98%	41.46%	58.54%	31.25%	68.75%	-10.2%	10.2%

The unavailability of Kronos from December 2021 through February 2022 does not appear to have skewed the results.

Using the labor hour splits for some divisions, the cost driver calculations for other divisions, and the assumptions noted above under Methodology for Merit Board and Support Services resulted in the allocation percentages shown below.

ALLOCATION OF CAS BUDGET TO EACH COUNTY FY22 TO FY27

	FY27		FY28 Proposed		Change from FY27	
	MC	PGC	MC	PGC	MC	PGC
DHRM	43.7%	56.3%	42.3%	57.7%	-1.4%	1.4%
Finance	43.2%	56.8%	43.2%	56.8%	0.0%	0.0%
Legal	50.8%	49.2%	48.2%	51.8%	-2.6%	2.6%
Office of Inspector General	35.7%	64.3%	38.4%	61.6%	2.7%	-2.7%
Corporate IT	50.1%	49.9%	50.0%	50.0%	-0.1%	0.1%
Merit System Board	50.0%	50.0%	50.0%	50.0%	0.0%	0.0%
Support Services	46.0%	54.0%	45.6%	54.4%	-0.4%	0.4%
Total CAS Before Chargebacks	45.6%	54.4%				

Below is an expanded summary showing the budgeted allocations from FY22 through FY27.

ALLOCATION OF CAS BUDGET TO EACH COUNTY FY22 TO FY27

	FY22		FY23		FY24		FY25		FY26		FY27		FY28 Proposed		Change from FY27	
	MC	PG	MC	PG	MC	PG	MC	PG	MC	PG	MC	PG	MC	PG	MC	PG
DHRM	41.1%	58.9%	40.4%	59.6%	40.8%	59.2%	41.7%	58.3%	43.2%	56.8%	43.7%	56.3%	42.3%	57.7%	-1.4%	1.4%
Finance	43.0%	57.0%	42.9%	57.1%	42.9%	57.1%	43.0%	57.0%	42.9%	57.1%	43.2%	56.8%	43.2%	56.8%	0.0%	0.0%
Legal	50.5%	49.5%	51.8%	48.2%	49.7%	50.3%	50.7%	49.3%	51.0%	49.0%	50.8%	49.2%	48.2%	51.8%	-2.6%	2.6%
Office of Inspector General	41.8%	58.2%	36.0%	64.0%	38.2%	61.8%	37.5%	62.5%	39.3%	60.7%	35.7%	64.3%	38.4%	61.6%	2.7%	-2.7%
Corporate IT	49.6%	50.4%	50.0%	50.0%	49.9%	50.1%	50.0%	50.0%	50.2%	49.8%	50.1%	49.9%	50.0%	50.0%	-0.1%	0.1%
Merit System Board	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	0.0%	0.0%
Support Services	44.5%	55.5%	44.2%	55.8%	44.2%	55.8%	45.2%	54.8%	45.3%	54.7%	46.0%	54.0%	45.6%	54.4%	-0.4%	0.4%
Total Before Chargebacks	**45.0%**	**55.0%**	**44.8%**	**55.2%**	**44.5%**	**55.5%**	**44.9%**	**55.1%**	**45.5%**	**54.5%**	**45.6%**	**54.4%**				

This table provides the divisional labor allocation in detail, including the three-year average which forms the basis for each year's proposed allocation.

LABOR COST ALLOCATION SUMMARY AND COMPARISON TO FY27 BUDGETED ALLOCATION

	FY 22			FY 23			FY 24			FY 25			FY 26		
	MC	PGC	Total	MC	PGC	Total	MC	PGC	Total	MC	PGC	Total	MC	PGC	Total
30 - Dept Human Resources & Mgmt	**43.1%**	**56.9%**	**100%**	**44.5%**	**55.5%**	**100%**	**43.2%**	**56.8%**	**100%**	**43.1%**	**56.9%**	**100%**	**40.6%**	**59.4%**	**100%**
OFFFICE OF THE EXEC. DIR.	50.0%	50.0%	100%	45.0%	55.0%	100%	44.7%	55.3%	100%	47.7%	52.3%	100%	50.0%	50.0%	100%
BUDGET DIVISION	49.9%	50.1%	100%	50.6%	49.4%	100%	50.1%	49.9%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%
CLASSIFICATION COMPENSATION	49.2%	50.8%	100%	50.2%	49.8%	100%	41.1%	58.9%	100%	44.9%	55.1%	100%	41.4%	58.6%	100%
CORP. POLICY & MGMT SVCS	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%
EMPLOYEE LABOR RELATIONS	46.5%	53.5%	100%	55.8%	44.2%	100%	51.7%	48.3%	100%	52.6%	47.4%	100%	39.9%	60.1%	100%
HRIS/EMP. RECORDS	18.9%	81.1%	100%	19.7%	80.3%	100%	23.0%	77.0%	100%	18.6%	81.4%	100%	23.2%	76.8%	100%
RECRUITMENT	47.9%	52.1%	100%	45.4%	54.6%	100%	46.0%	54.0%	100%	41.5%	58.5%	100%	31.3%	68.8%	100%
31 - Legal	**50.0%**	**50.0%**	**100%**	**52.4%**	**47.6%**	**100%**	**51.9%**	**48.1%**	**100%**	**48.4%**	**51.6%**	**100%**	**44.1%**	**55.9%**	**100%**
32 - Finance Department	**42.8%**	**57.2%**	**100%**	**42.6%**	**57.4%**	**100%**	**43.2%**	**56.8%**	**100%**	**43.4%**	**56.6%**	**100%**	**42.9%**	**57.1%**	**100%**
ACCOUNTING	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%
ACCOUNTS PAYABLE	44.4%	55.6%	100%	44.7%	55.3%	100%	44.3%	55.7%	100%	43.1%	56.9%	100%	43.4%	56.6%	100%
ADMINISTRATIVE SERVICES	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%
INVESTMENTS	20.0%	80.0%	100%	20.0%	80.0%	100%	20.0%	80.0%	100%	20.0%	80.0%	100%	20.0%	80.0%	100%
OFFICE OF THE SEC-TREAS.	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%
PAYROLL	27.6%	72.4%	100%	25.9%	74.1%	100%	25.7%	74.3%	100%	25.2%	74.8%	100%	24.7%	75.3%	100%
PURCHASING	48.3%	51.7%	100%	45.1%	54.9%	100%	44.6%	55.4%	100%	40.3%	59.7%	100%	40.5%	59.6%	100%
37 - Corporate IT	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**
33 - Merit System	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**
34 - Office of Inspector General	**51.9%**	**48.1%**	**100%**	**35.6%**	**64.4%**	**100%**	**37.1%**	**62.9%**	**100%**	**43.0%**	**57.0%**	**100%**	**35.0%**	**65.0%**	**100%**
Total CAS	**45.6%**	**54.4%**	**100%**	**45.6%**	**54.4%**	**100%**	**45.4%**	**54.6%**	**100%**	**45.1%**	**54.9%**	**100%**	**42.8%**	**57.2%**	**100%**

Notes:
1) Highlighted rows represents labor cost allocations are done with cost drivers
2) Result include chargeback positions based on time card records

LABOR COST ALLOCATION SUMMARY AND COMPARISON TO FY27 BUDGETED ALLOCATION

	FY 22 - FY 24			FY 23 - FY 25			FY 24 - FY 26			FY27 Budget			3 Year Average vs FY26 Budget		
	MC	PGC	Total	MC	PGC	Total	MC	PGC	Total	MC	PGC	Total	MC	PGC	Total
30 - Dept Human Resources & Mgmt	**43.6%**	**56.4%**	**100%**	**43.6%**	**56.4%**	**100%**	**42.3%**	**57.7%**	**100%**	**43.7%**	**56.3%**	**100%**	**-1.4%**	**1.4%**	**0.0%**
OFFFICE OF THE EXEC. DIR.	46.6%	53.4%	100%	45.8%	54.2%	100%	47.5%	52.5%	100%						
BUDGET DIVISION	50.2%	49.8%	100%	50.2%	49.8%	100%	50.0%	50.0%	100%						
CLASSIFICATION COMPENSATION	46.8%	53.2%	100%	45.4%	54.6%	100%	42.5%	57.5%	100%						
CORP. POLICY & MGMT SVCS	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%						
EMPLOYEE LABOR RELATIONS	51.3%	48.7%	100%	53.4%	46.6%	100%	48.1%	51.9%	100%						
HRIS/EMP. RECORDS	20.6%	79.4%	100%	20.4%	79.6%	100%	21.6%	78.4%	100%						
RECRUITMENT	46.4%	53.6%	100%	44.3%	55.7%	100%	39.6%	60.4%	100%						
31 - Legal	**51.4%**	**48.6%**	**100%**	**50.9%**	**49.1%**	**100%**	**48.2%**	**51.8%**	**100%**	**50.8%**	**49.2%**	**100%**	**-2.6%**	**2.6%**	**0.0%**
32 - Finance Department	**42.9%**	**57.1%**	**100%**	**43.1%**	**56.9%**	**100%**	**43.2%**	**56.8%**	**100%**	**43.2%**	**56.8%**	**100%**	**0.0%**	**0.0%**	**0.0%**
ACCOUNTING	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%						
ACCOUNTS PAYABLE	44.5%	55.5%	100%	44.0%	56.0%	100%	43.6%	56.4%	100%						
ADMINISTRATIVE SERVICES	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%						
INVESTMENTS	20.0%	80.0%	100%	20.0%	80.0%	100%	20.0%	80.0%	100%						
OFFICE OF THE SEC-TREAS.	50.0%	50.0%	100%	50.0%	50.0%	100%	50.0%	50.0%	100%						
PAYROLL	26.4%	73.6%	100%	25.6%	74.4%	100%	25.2%	74.8%	100%						
PURCHASING	46.0%	54.0%	100%	43.3%	56.7%	100%	41.8%	58.2%	100%						
37 - Corporate IT	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.1%**	**49.9%**	**100%**	**-0.1%**	**0.1%**	**0.0%**
33 - Merit System	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**50.0%**	**50.0%**	**100%**	**0.0%**	**0.0%**	**0.0%**
34 - Office of Inspector General	**41.6%**	**58.4%**	**100%**	**38.6%**	**61.4%**	**100%**	**38.4%**	**61.6%**	**100%**	**35.7%**	**64.3%**	**100%**	**2.7%**	**-2.7%**	**0.0%**
Total CAS	**45.6%**	**54.4%**	**100%**	**45.4%**	**54.6%**	**100%**	**44.4%**	**55.6%**	**100%**	**45.6%**	**54.4%**	**100%**	**-1.2%**	**1.2%**	**0.0%**

Notes:
1) Highlighted rows represents labor cost allocations are done with cost drivers
2) Result include chargeback positions based on time card records

Multi-Year Change Summary

The table below shows the change from year to year, including the proposed change for FY28.

Change from Prior Year

FY23		FY24		FY25		FY26		FY27		FY28	
MC	PGC	MC	PGC	MC	PGC	MC	PGC	MC	PGC	MC	PGC
-0.7%	0.7%	0.5%	-0.5%	0.8%	-0.8%	1.5%	-1.5%	0.5%	-0.5%	-1.4%	1.4%
-0.1%	0.1%	0.0%	0.0%	0.1%	-0.1%	-0.1%	0.1%	0.3%	-0.3%	0.0%	0.0%
1.3%	-1.3%	-2.1%	2.1%	1.0%	-1.0%	0.3%	-0.3%	-0.3%	0.3%	-2.6%	2.6%
-5.9%	5.9%	2.2%	-2.2%	-0.6%	0.6%	1.8%	-1.8%	-3.6%	3.6%	2.7%	-2.7%
0.4%	-0.4%	-0.1%	0.1%	0.2%	-0.2%	0.1%	-0.1%	0.0%	0.0%	-0.1%	0.1%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
-0.3%	0.3%	0.0%	0.0%	1.0%	-1.0%	0.0%	0.0%	0.8%	-0.8%	-0.4%	0.4%
-0.2%	0.2%	-0.3%	0.3%	0.4%	-0.4%	0.6%	-0.6%	0.1%	-0.1%		

Recommendation

The recommendation is to adopt the results of this year’s analysis and directions given to staff to utilize in developing the FY28 Proposed Budget. Using FY27 budget numbers, this would shift approximately $287,453 from Montgomery County to Prince George’s County.