



Staff: Blaise DeFazio, Senior Legislative Analyst
Purpose: Receive briefing and have discussion – no vote expected
Keywords: #OLO, #Legislative Oversight, #Audit

AGENDA ITEM #26
 April 28, 2020
Worksession

SUBJECT

FY21 Operating Budget: Office of Legislative Oversight and the Independent Audit Non-Departmental Account

EXPECTED ATTENDEE

Chris Cihlar, Director, Office of Legislative Oversight
 Phil Weeda, Fiscal and Policy Analyst, Office of Management and Budget

OFFICE OF LEGISLATIVE OVERSIGHT

EXECUTIVE RECOMMENDATION

FY21 Executive Recommendation	\$2,060,016	12.67 FTEs
Increase over FY20	\$182,505 (9.7%)	1.00 FTE (8.6%)

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

FY21 Council Staff Recommendation	\$2,033,718	12.67 FTEs
Increase over FY20	\$156,207 (8.3%)	1.0 FTE (8.6%)
Decrease from CE FY21 Rec	-\$26,298 (-1.3%)	0.0 FTE (0.0%)

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

- FY21 Compensation Adjustment – Increase of \$26,298

CONTINUITY OF SERVICES FROM FY20

Legal/Mandatory Requirements

- **Create Racial Equity Legislative Analyst Position – Add \$119,170**
 Position required for Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established. This position will create and submit a racial equity and social justice impact statement to the Council for each Bill. This requirement becomes effective on 7/1/20.
- **Fund Performance Management and Data Analyst Position and Eliminate a Public Administration Associate – Net Increase of \$31,987**
 Position required for Bill 10-19, Legislative Branch – Economic Impact Statements – Amendments, which requires OLO to create and submit an economic impact statement to the Council for each Bill before it is enacted. In order to meet this Bill’s implementation date of 3/1/20, these two actions occurred FY20; this net increase reflects those two changes in FY21. The addition of the Performance Management and Data Analyst position (\$119,170 and 1 FTE),

mostly offset by the removal of the Public Administration Associate position (-\$87,183 and -1 FTE), for a net increase of \$31,987.

Other

- MLS Pay for Performance to Base Pay for FY20 Awards – Increase of \$20,766
- Annualization of FY20 Compensation Increases and Personnel Costs – Net Increase of \$14,454
- Print and Mail Adjustment – Increase of \$754
- Retirement Adjustment – Decrease of \$27,426

POTENTIAL REDUCTIONS

- None identified.

POTENTIAL ITEMS RELATED TO COVID-19

- None identified.

INDEPENDENT AUDIT NON-DEPARTMENTAL ACCOUNT

EXECUTIVE RECOMMENDATION

FY21 Executive Recommendation	\$427,008	0.33 FTEs
Increase over FY20	\$1,544 (0.4%)	0.0 FTE (0.0%)

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

FY21 Council Staff Recommendation	\$425,464	0.33 FTEs
Increase over FY20	\$0 (0.0%)	0.0 FTE (0.0%)
Decrease from CE FY21 Rec	-\$1,544 (-0.4%)	0.0 FTE (0.0%)

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

- FY21 Compensation Adjustment – Increase of \$492
- Multi-Program Adjustments – Increase of \$1,052

CONTINUITY OF SERVICES FROM FY20

- No Changes – Council Staff recommends the FY20 Council Approved Budget

This report contains:

County Executive’s Recommended Budget

© 1

Alternative format requests for people with disabilities. If you need assistance accessing this report you may [submit alternative format requests](#) to the ADA Compliance Manager. The ADA Compliance Manager can also be reached at 240-777-6197 (TTY 240-777-6196) or at adacompliance@montgomerycountymd.gov



Legislative Oversight

RECOMMENDED FY21 BUDGET
\$2,060,016

FULL TIME EQUIVALENTS
12.67

CHRIS CIHLAR, DIRECTOR

MISSION STATEMENT

The mission of the Office of Legislative Oversight (OLO) is to determine the effectiveness of legislation enacted by the County Council and to make findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are appropriated or approved by the Council.

BUDGET OVERVIEW

The total recommended FY21 Operating Budget for the Office of Legislative Oversight is \$2,060,016, an increase of \$182,505 or 9.72 percent from the FY20 Approved Budget of \$1,877,511. Personnel Costs comprise 97.80 percent of the budget for 13 full-time position(s) and no part-time position(s), and a total of 12.67 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 2.20 percent of the FY21 budget.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following is emphasized:

Effective, Sustainable Government

PROGRAM CONTACTS

Contact Blaise DeFazio of the Office of Legislative Oversight at 240.777.7983 or Philip Weeda of the Office of Management and Budget at 240.777.2780 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Legislative Oversight

The Office of Legislative Oversight (OLO) conducts program evaluations, base budget reviews, and other special studies in accordance with a Council-approved work program. OLO studies the effectiveness of legislation enacted by the Council and

makes findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are approved or appropriated by the Council. In addition, OLO is the designated administrator for the Council's audit contracts, as required under Section 315 of the County Charter, and OLO is responsible for preparing economic and racial equity/social justice impact statements for all proposed County legislation.

BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	1,390,513	1,409,350	1,493,676	1,590,190	12.8 %
Employee Benefits	406,540	423,527	429,725	424,438	0.2 %
County General Fund Personnel Costs	1,797,053	1,832,877	1,923,401	2,014,628	9.9 %
Operating Expenses	140,383	44,634	44,634	45,388	1.7 %
County General Fund Expenditures	1,937,436	1,877,511	1,968,035	2,060,016	9.7 %
PERSONNEL					
Full-Time	12	12	12	13	8.3 %
Part-Time	0	0	0	0	—
FTEs	11.67	11.67	11.67	12.67	8.6 %

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
	FY20 ORIGINAL APPROPRIATION	1,877,511 11.67
Changes (with service impacts)		
Add: Create Racial Equity Legislative Analyst Position [Legislative Oversight]	119,170	1.00
Other Adjustments (with no service impacts)		
Increase Cost: Funding for Performance Management and Data Analyst Position and Reduction In Force as Requested by the Office of Legislative Oversight [Legislative Oversight]	31,987	0.00
Increase Cost: FY21 Compensation Adjustment	26,298	0.00
Increase Cost: Annualization of FY20 Compensation Increases	22,800	0.00
Increase Cost: MLS Pay for Performance (Increase to Base Pay)	20,766	0.00
Increase Cost: Print and Mail Adjustment	754	0.00
Decrease Cost: Annualization of FY20 Personnel Costs	(11,844)	0.00
Decrease Cost: Retirement Adjustment	(27,426)	0.00
	FY21 RECOMMENDED	2,060,016 12.67

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY20 Total\$	FY20 FTEs	FY21 Total\$	FY21 FTEs
COUNTY GENERAL FUND					
NDA - Independent Audit	General Fund	57,136	0.33	58,680	0.33

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
COUNTY GENERAL FUND						
EXPENDITURES						
FY21 Recommended	2,060	2,060	2,060	2,060	2,060	2,060
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	15	15	15	15	15
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	2,060	2,075	2,075	2,075	2,075	2,075

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	3,025,173	1.00
Add: County Sponsorship of Private Incubators	200,000	0.00
Shift: Staff Reassigned from Finance to the County Executive Office to Manage Incubator Programs	159,085	1.00
Increase Cost: Biohealth Innovation Initiatives	50,000	0.00
Increase Cost: FY21 Compensation Adjustment	587	0.00
Decrease Cost: Elimination of One-Time Item	(1,690)	0.00
Decrease Cost: County Grants for Supporting the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIMBL) due to State Actions	(50,000)	0.00
Decrease Cost: One-time Expenses for Incubator Network Studies	(182,740)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	6,331	0.00
FY21 Recommended	3,206,746	2.00

Independent Audit

Section 315 of the County Charter requires the County Council to contract with a Certified Public Accountant for an independent post audit of all financial records and actions of the County government, its officials, and employees. By County Resolution, the Office of Legislative Oversight is the designated administrator for this contract, which also includes an independent audit of the basic financial statement of the Employee Retirement Plans; an independent audit of the Consolidated Retiree Health Benefits Trust; an independent audit of the basic financial statements of the Montgomery County Union Employees Deferred Compensation Plan; and additional services related to reviews, tests, and certifications.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	425,464	0.33
Increase Cost: FY21 Compensation Adjustment	492	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	1,052	0.00
FY21 Recommended	427,008	0.33

Innovation Fund

The Innovation Fund is a new revolving loan fund internal to Montgomery County Government. The fund will make loans on a rolling basis for internal departmental initiatives with strong potential to improve customer service and performance results while at the same time reducing budgetary costs and/or increasing County revenue within three to five years. The fund will be administered by the Office of Performance and Innovation (formerly CountyStat), which will coordinate a rigorous application, review and approval process. A committee made up of community members, administration officials, and County Council representatives will review loan applications and advise the Chief Administrative Officer.

The Innovation Fund will complement the County's new "Lean" business process improvement initiative. Lean reviews bring front-line workers and supervisors to the table to find efficiencies and improve customer service in pursuit of continuous improvement. While the goal of Lean is to achieve as much improvement as possible at little or no cost, reaching peak performance may require investment in technology, equipment, training, etc.