

GO COMMITTEE #8  
April 16, 2015

Worksession

MEMORANDUM

April 14, 2015

TO: Government Operations and Fiscal Policy Committee

FROM: Jean C. Arthur, <sup>JCA</sup> Legislative Analyst

SUBJECT: **Worksession: FY16 Operating Budget – Non-Departmental Accounts:  
Boards, Committees and Commissions  
Council of Governments  
County Associations  
Inauguration & Transition  
Public Technology, Inc.**

The relevant pages from the FY16 Recommended Operating Budget are at ©1-6.

*The following persons are expected at this worksession:*

Sonetta Neufville, Administrative Specialist III, County Executive Office  
Jane Mukira, Management and Budget Specialist, OMB  
Naeem Mia, Management and Budget Specialist, OMB

**Budget Summary:**

- The County Executive is recommending an increase in expenditures for only one of these NDAs – Council of Governments dues. Dues to the Council of Governments is based on population.
- The Inauguration and Transition NDA has no funding in FY16.

**Council Staff Recommendation:**

- **Approve as recommended by the County Executive.**

## OVERVIEW

Before the Committee today are funding requests for several non-departmental accounts. The County Executive's recommended FY16 budget recommendations for these accounts are shown in the table below.

<b>NDA</b>	<b>FY15 Approved</b>	<b>FY16 CE Recommended</b>	<b>% Change</b>
Boards, Committees and Commissions	\$ 22,950	\$22,950	-
Council of Governments	\$816,409	\$818,488	.25%
County Associations	\$74,728	\$74,728	-
Inauguration	\$5,000	N/A	
Public Technology, Inc.	\$20,000	\$20,000	-

### FY16 Expenditure Issues

#### Boards, Committees and Commissions

Currently, the County government has 86 boards, committees and commissions created by law or resolution. Members on seven boards or commissions are compensated for their time. Some, including the Board of Appeals and the Board of Investment Trustees, have full-time staff.

The Government and Fiscal Policy Committee reviewed the report of the Committee Evaluation and Review Board on December 8, 2014 and made recommendations to the County Council. The Council, on February 3, 2015, reviewed and adopted the GO Committees' recommendations, some of which require amendments to current law. Council staff are working on the necessary legislation.

For FY16, the County Executive is recommending a budget of \$22,950, level with FY15. This budget funds costs directly related to the members of the boards, committees and commissions such as reimbursements for dependent care and transportation.

#### Council of Governments<sup>1</sup>

This account pays the County's portion of COG's operating expenses and special COG initiatives. COG is a voluntary association of major local governments in the Washington Metropolitan area. COG aims to develop regional responses to issues affecting member jurisdictions. Below is a breakdown of the County's payments to COG.

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<sup>1</sup>COG's membership assessment is formulaic. Dues are calculated on a per capita rate basis using projected jurisdiction population approved by each city or county manager. The adopted assessment rate for FY16 remains unchanged at \$0.71 per capita; the population was adjusted to avoid double counting municipalities that are members of COG.

<b>MWCOG FUND (\$)</b>	<b>FY15 Approved</b>	<b>FY16 Recommended</b>	<b>Change From FY15</b>
General	\$620,235	\$622,143	\$1,908
Regional Environmental Fund	\$110,684	\$111,685	\$1,001
Anacostia Restoration Fund	\$85,490	\$84,660	(\$830)
Airport Noise	0	0	0
Cooperative Purchasing	0	0	0
Washington Area Housing Trust Fund	0	0	0
<b>TOTAL Tax Supported</b>	<b>\$816,409</b>	<b>\$818,488</b>	<b>\$2,079</b>
<b>Billed to WSSC</b>			
Water Resources Mgmt. Planning	\$268,094	\$272,838	\$4,744
Blue Plains Users	<u>\$101,072</u>	<u>\$87,000</u>	<u>(\$14,072)</u>
<b>TOTAL Paid by WSSC</b>	<b>\$369,166</b>	<b>\$359,838</b>	<b>(\$9,328)</b>
<b>GRAND TOTAL</b>	<b>\$1,185,575</b>	<b>\$1,178,326</b>	<b>(\$7,249)</b>

### County Associations

This account pays the County's dues to the Maryland Association of Counties and the National Association of Counties.

MACo:	\$55,292
NACo:	\$19,436
<b>Total</b>	<b>\$74,728</b>

### Inauguration & Transition

	<b>FY15 Approved</b>	<b>FY16 Recommended</b>
Inauguration & Transition	\$5,000	0

There is no inauguration in FY16.

## **Public Technology, Inc.**

Public Technology, Inc. supports local governments through research, education, executive-level consulting services, and national recognition programs. PTI works to identify research opportunities, share solutions, recognize member achievements and address the many technology issues that impact local government. PTI has a close relationship with the National League of Cities, National Association of Counties and International City/County Management Association. Montgomery County's dues for FY16 are \$20,000.

**Staff Recommendation: Approve the recommended budget for the non-departmental accounts listed above as recommended by the County Executive.**

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# Non-Departmental Accounts

## MISSION STATEMENT

Non-Departmental Accounts (NDAs) contain expenditure items essential to the operation of the County government which do not fall within the functional assignment of any department or agency, or which provide for expenditures related to more than one department or agency.

In FY16, 37 NDAs were funded. Four NDAs were not funded: Inauguration & Transition, Montgomery County Employee Retirement Plans, Motor Pool Fund Contribution and Restricted Donations.

## BUDGET OVERVIEW

The total recommended FY16 Operating Budget for the Non-Departmental Accounts is \$276,751,003, a decrease of \$14,179,880 or 4.9 percent from the FY15 Approved Budget of \$290,930,883. Personnel Costs comprise 1.0 percent of the budget for 17 full-time positions, and a total of 4.23 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 99.0 percent of the FY16 budget.

## PROGRAM CONTACTS

Contact Felicia Zhang of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### **Arts and Humanities Council**

This NDA provides funding for the Arts and Humanities Council of Montgomery County (AHC MC), the County's designated local arts and humanities agency. FY16 taxpayer support of the AHC MC includes general operating grants to arts and humanities organizations; program grants to arts and humanities organizations not receiving general operating support; project grants to individuals, scholars, groups, or small organizations; technical assistance and other support services for individuals and other organizations in the County; matching funds for awardees designated to match private donations, such as by the Executive Ball for the Arts Committee or through power2give; and operating expenses for AHC MC. The County's contribution is implemented by a contract between the Department of Recreation and AHC MC.

Since 1976, AHC MC has been the County's designated local arts agency. The AHC MC's mission is to promote, support, and expand a vibrant arts and humanities presence and ensure that it is woven into the fabric of our diverse and inclusive community. AHC MC provides leadership that sustains arts and humanities organizations, artists and scholars and inspires participation in our County's cultural assets. Through its programs and services, AHC MC provides the infrastructure and support necessary to maintain a robust creative community that includes over 500 cultural organizations and 2,000 artists and scholars. AHC MC annually distributes grants to organizations and individuals to help fund enriching cultural activities in our County ([www.creativemoco.com/grants/grants-awarded](http://www.creativemoco.com/grants/grants-awarded)).

AHC MC is headquartered in Silver Spring, Maryland, and receives support from the Maryland State Arts Council, corporations, organizations and individuals.

Funding for maintenance of public art is allocated in the Public Arts Trust CIP project.

<i>FY16 Recommended Changes</i>	Expenditures	FTEs
<b>FY15 Approved</b>	<b>4,442,700</b>	<b>0.00</b>
<b>FY16 CE Recommended</b>	<b>4,442,700</b>	<b>0.00</b>

### **Boards, Committees, and Commissions**

There are approximately 75 boards, committees, and commissions, created by law or resolution, which serve the County for a variety of purposes. These funds provide for the reimbursement of certain expenses incurred by eligible members of boards, committees, or commissions while on official business and/or for expenses related to the establishment of any new boards, committees, or commissions.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>22,950</b>	<b>0.00</b>
<b>FY16 CE Recommended</b>	<b>22,950</b>	<b>0.00</b>

### **Charter Review Commission**

Section 509 of the County Charter requires that a Charter Review Commission be appointed by the County Council every four years, within six months after the Council assumes office, for the purpose of studying the Charter. The Commission shall report at least once to the Council on the Commission's activities within one year after appointment. Commission reports shall be submitted no later than May 1 of every even-numbered year. The reports shall contain recommendations concerning proposed Charter amendments, if any. This NDA provides for the expenses of the Commission.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>150</b>	<b>0.00</b>
Increase Cost: Operating Expense	1,000	0.00
<b>FY16 CE Recommended</b>	<b>1,150</b>	<b>0.00</b>

### **Community Grants: County Executive**

This NDA provides one-time grants directly to organizations in the community. These community organizations are critical to an effective network of services and are often able to provide these services in a more cost-effective, culturally appropriate, and flexible way than County Government. They also are able to leverage community resources that may be unavailable to the County Government. A complete list of grantees is located below. Included in this NDA are:

- Community Grants: one-time grants to organizations that leverage Federal, State, and/or private funding or improve the quality of life for County residents. FY16 Community Grants are \$5,953,590;
- Community Services Grants: one-time grants for capital purchases that support health and human service activities. FY16 Community Services Grants are \$60,315.

Approved for Community Grants, but included as part of the Capital Budget within the Cost Sharing: MCG Project (CIP#720601) for a total of \$515,000 are listed as follows: Beth Shalom Congregation and Talmud Torah: \$60,000; Easter Seals Greater Washington-Baltimore Region: \$50,000; Graceful Growing Together, Inc.: \$75,000; Jewish Council for the Aging of Greater Washington, Inc.: \$50,000; Jewish Foundation for Group Homes: \$50,000; Latin American Youth Center, Inc.: \$25,000; Muslim Community Center Inc. DBA MCC Medical Clinic: \$25,000; Potomac Community Resources: \$25,000; Rockville Science Center, Inc.: \$15,000; Silver Spring United Methodist Church: \$50,000; The Jewish Federation of Greater Washington: \$40,000; Warrior Canine Connection: \$50,000.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>5,614,717</b>	<b>0.00</b>
Add: Community Grant: A Wider Circle, Inc. (Provides for operating support for the Center for Professional Development)	40,000	0.00
Add: Community Grant: African Immigrant and Refugee Foundation, Inc. (Provides for the "Catching Up" Youth Development Program)	10,400	0.00
Add: Community Grant: African Women Council Inc. (Provides for leased space at the Nonprofit Village)	9,000	0.00
Add: Community Grant: Aligarh Muslim University Alumni Association of North America Inc. (Provide resources, guidance and assistance to minority youth pursue college education and obtain internships)	1,500	0.00
Add: Community Grant: Alliance For Workplace Excellence Inc. (Provides for operating support)	25,000	0.00
Add: Community Grant: Asian American LEAD: Leadership Empowerment and Development for Youth and Family (Provides for programs for low-income/underserved Asian Pacific American youth)	50,000	0.00
Add: Community Grant: Asian Pacific American Legal Resource Center (Provides for legal services to low-income Asian immigrants with limited English proficiency)	25,000	0.00
Add: Community Grant: Asian-American Homeownership Counseling, Inc. (Provides for foreclosure/eviction prevention services, homeownership and financial education)	52,500	0.00
Add: Community Grant: Ayuda (Provides interpretation and translation services to ensure equal access to justice for limited-English proficient and deaf community members.)	20,000	0.00
Add: Community Grant: Bethesda Green, Inc. (Provides support for Green Business Incubator and educational activities)	15,810	0.00
Add: Community Grant: Bethesda Help (Provides for the Emergency Food Program)	2,000	0.00
Add: Community Grant: Big Brothers Big Sisters of the National Capital Area (Provides for mentoring for high-risk Latino children)	34,340	0.00
Add: Community Grant: C&O Canal Trust, Inc. (Provides for operating support)	24,329	0.00
Add: Community Grant: CASA de Maryland, Inc. (Provides additional support above amount provided by HIF for the Tenant Counseling and Housing Initiatives Program)	15,000	0.00

## Consolidated Retiree Health Benefits Trust (Montgomery College)

This NDA provides consolidated funding for Montgomery College's contribution to the Retiree Health Benefits Trust.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>1,974,000</b>	<b>0.00</b>
Decrease Cost: County Contribution Based on Actuarial Valuation	-546,000	0.00
<b>FY16 CE Recommended</b>	<b>1,428,000</b>	<b>0.00</b>



### Council of Governments

The Metropolitan Washington Council of Governments (COG) is a voluntary association of major local governments in the Washington Metropolitan Area. COG seeks to provide regional answers to, and coordination of, area-wide issues such as air and water pollution, day care, housing, crime, water supply, land use, and transportation.

This NDA reflects Montgomery County's share of the organization's operation plus special COG initiatives. Additionally, the contribution supports the Cooperative Purchasing Program; the Anacostia Restoration Fund; and the Regional Environmental Fund.

As in previous years, the Washington Suburban Sanitary Commission will provide Montgomery County's contribution to support the Water Resources Management Planning Program and the Blue Plains Users Program.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>816,409</b>	<b>0.00</b>
Increase Cost: General Membership Dues and Assessments	2,079	0.00
<b>FY16 CE Recommended</b>	<b>818,488</b>	<b>0.00</b>



### County Associations

This NDA funds Montgomery County membership dues to the National Association of Counties (NACo) and the Maryland Association of Counties (MACo).

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>74,728</b>	<b>0.00</b>
<b>FY16 CE Recommended</b>	<b>74,728</b>	<b>0.00</b>

### Device Client Management

The Device Client Management (DCM) program is based on a best practices approach to maintaining a modern and cost effective computing environment in the County. The program reduces the Total Cost of Ownership (TCO) of personal computers (PCs) and laptops through standardization, asset management, and maintenance services. DCM includes the centralized management, support, and maintenance of PCs and targets the annual replacement of approximately one-fourth of managed PCs. The program also includes PC-related training and software. This NDA includes funding for Help Desk support, management, maintenance, and replacement of PCs.

Replacement of the remaining Windows XP machines is completed as of mid-FY15.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>5,661,200</b>	<b>0.00</b>
Increase Cost: Help Desk Contract	800,000	0.00
Add: Mobile Device Management	99,000	0.00
Increase Cost: Windows 7 Licenses	40,000	0.00
Decrease Cost: Desktop Personal Computer Replacements	-800,000	0.00
<b>FY16 CE Recommended</b>	<b>5,800,200</b>	<b>0.00</b>

### Future Federal/State/Other Grants

This NDA enables the County to implement new grant-funded programs up to \$200,000 each and provides funds for grant continuations and enhancements without having to process individual supplemental appropriations through the County Council. Upon approval by the County Executive, funds in this program are transferred to the receiving department's grant account.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>77,250</b>	<b>0.00</b>
<b>FY16 CE Recommended</b>	<b>77,250</b>	<b>0.00</b>

### **Homeowners' Association Road Maintenance Reimburse**

This NDA provides a partial reimbursement to homeowners' associations (HOAs) for their maintenance of certain privately-owned roadways. The payment is currently restricted to through roadways, accessible to the public, which are one-quarter mile or longer and which provide vehicular access to more than four dwelling units. In FY97, an Executive Regulation was enacted allowing homeowners' associations to request that their roadways be deemed "private maintenance roads." This designation qualifies the HOAs for State reimbursement of their roadway maintenance costs. The County annually submits to the State its estimate of reimbursable miles, including those accepted as private maintenance roads. The State then reimburses the County and, subsequently, the County forwards the funds to HOAs.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>53,110</b>	<b>0.00</b>
<b>FY16 CE Recommended</b>	<b>53,110</b>	<b>0.00</b>

### **Housing Opportunities Commission**

The Housing Opportunities Commission of Montgomery County (HOC) is a public body corporate and politic duly organized under Division II of the Housing Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law. As such, the Commission acts as a builder, developer, financier, owner, and manager of housing for people of low- and moderate- (eligible) income. The Commission also provides eligible families and individuals with affordable housing and supportive services.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>6,376,480</b>	<b>0.00</b>
Increase Cost: Annualization of FY15 Personnel Costs	222,910	0.00
Decrease Cost: Operating Expenses	-197,982	0.00
<b>FY16 CE Recommended</b>	<b>6,401,408</b>	<b>0.00</b>

### **\* Inauguration & Transition**

The Montgomery County Charter provides for the quadrennial election of a County Executive and County Council. This NDA provides for a ceremony and smooth transition of the County Executive and County Council every four years.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>5,000</b>	<b>0.00</b>
Decrease Cost: No Inauguration in FY16	-5,000	0.00
<b>FY16 CE Recommended</b>	<b>0</b>	<b>0.00</b>

### **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 basic financial statements of the Montgomery County Union Employees Deferred Compensation Plan; and additional services related to reviews, tests, and certifications.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>420,820</b>	<b>0.00</b>
<b>FY16 CE Recommended</b>	<b>420,820</b>	<b>0.00</b>

### **Interagency Technology Policy and Coordination Committee**

This NDA supports the operation of the Interagency Technology Policy and Coordination Committee (ITPCC). The ITPCC was chartered by the Montgomery County Council to promote strategic planning and coordination in the use of information technology among County agencies. The ITPCC reports biannually to the County Council. By regularly convening the agencies' chief executive and chief information officers, the ITPCC provides an effective forum for the coordinated implementation of technology policies and guidelines. Additionally, the ITPCC facilitates interagency communication, the evaluation and sharing of new technologies, and

### **Non-Departmental Accounts**

**MUNICIPAL TAX DUPLICATION - FY16 EXECUTIVE RECOMMENDED BUDGET**

Municipality	FY16 Property Tax Duplication	Additional County Grant	FY16 Total*
Brookeville	\$4,495	\$2,299	\$6,794
Chevy Chase, Sec. III	\$20,374	\$10,421	\$30,796
Chevy Chase View	\$27,308	\$13,967	\$41,275
Chevy Chase Village	\$66,507	\$34,017	\$100,524
Town of Chevy Chase	\$86,205	\$44,092	\$130,297
Drummond	\$3,052	\$1,561	\$4,613
Friendship Heights	\$54,665	\$27,960	\$82,625
Gaithersburg	\$773,060	\$395,407	\$1,168,467
Garrett Park	\$31,488	\$16,105	\$47,593
Glen Echo	\$13,736	\$7,026	\$20,762
Kensington	\$90,985	\$46,538	\$137,523
Laytonsville	\$8,595	\$4,396	\$12,991
Martin's Additions	\$17,752	\$9,080	\$26,832
North Chevy Chase	\$15,824	\$8,094	\$23,918
Oakmont	\$2,169	\$1,109	\$3,278
Poolesville	\$139,356	\$71,278	\$210,634
Rockville	\$1,400,393	\$716,278	\$2,116,671
Somerset	\$34,774	\$17,786	\$52,560
Takoma Park	\$2,324,632	\$1,189,011	\$3,513,643
Washington Grove	\$29,721	\$15,202	\$44,922
<b>TOTAL</b>	<b>\$5,145,091</b>	<b>\$2,631,629</b>	<b>\$7,776,720</b>

\* This does not include the estimated Municipalities' Speed camera allocation of \$228,000.

FY16 Recommended Changes	Expenditures	FTEs
<b>FY15 Approved</b>	<b>8,048,578</b>	<b>0.00</b>
Decrease Cost: Speed Camera payments to municipalities	-43,858	0.00
<b>FY16 CE Recommended</b>	<b>8,004,720</b>	<b>0.00</b>

**Prisoner Medical Services**

This NDA provides reimbursements to physicians and hospitals for medical care provided to individuals in the custody of any Montgomery County law enforcement agency, with the following exceptions:

- Offenders committed to the custody of the Department of Correction and Rehabilitation (DOCR) and receiving medical treatment paid for by the budget of that department,
- Medical treatment expenses covered by Workers' Compensation,
- Medical treatment expenses covered by personal medical insurance,
- Medical treatment expenses covered by the Federal government,
- Medical treatment expenses covered by other appropriate and available outside resources.

The Department of Police will manage this account with the assistance of the County Attorney. All bills will be reviewed to determine the appropriateness of the medical expense reimbursement and to assess the responsible party for the medical expense.

FY16 Recommended Changes	Expenditures	FTEs
<b>FY15 Approved</b>	<b>50,000</b>	<b>0.00</b>
Decrease Cost: Medical Services	-30,000	0.00
<b>FY16 CE Recommended</b>	<b>20,000</b>	<b>0.00</b>

**Public Technology, Inc.**

Funds are budgeted each year to continue membership in Public Technology, Inc. (PTI) as the County's research and development link with the National Association of Counties. Annual dues cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The County participates in, and

has received grants as a result of, initiatives in task forces on energy, solid waste, and telecommunications. PTI, as an organization, specializes in the research and assessment of ideas of interest to local governments for increasing efficiency, reducing costs, improving services, and solving problems. A current emphasis is on public enterprise, toward helping local governments identify and capture potential sales from products and information that are outcomes of government investment.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>20,000</b>	<b>0.00</b>
<b>FY16 CE Recommended</b>	<b>20,000</b>	<b>0.00</b>

### **Restricted Donations**

This NDA was established to comply with the requirements of Government Accounting Standards Board Statement No. 34 (GASB 34) by budgeting for the receipt of private donations for County programs. The proceeds of the former Expendable Trust Fund accounts and other miscellaneous funds have been transferred to the Restricted Donations Special Revenue Fund. Appropriation authority to spend additional donations received during the year is provided through the County Council Resolution for the Approval of and Appropriation for the Operating Budget of the Montgomery County Government. The budget resolution provides that the unexpended balance in this fund at the end of the fiscal year is reappropriated by the County Council for the next fiscal year; and if needed, the Restricted Donations NDA can receive transfers from the Future Federal, State, or Other Grants NDA for any individual donations up to \$200,000. Additional information relating to the financial activities of this NDA is displayed in Schedule A-4, Fiscal Summary by Fund, Non-Tax Supported, Montgomery County Government, Restricted Donations.

<b>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY16 CE Recommended</b>	<b>0</b>	<b>0.00</b>

### **Retiree Health Benefits Trust**

Consolidated Retiree Health Benefits Trust: Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to the County's 50 year-old practice of prefunding for retiree pension benefits. The reasons for doing this are simple: Due to exponential growth in expected retiree health costs, the cost of funding these benefits, which were being paid out as the bills came due, would soon become unaffordable. Setting aside money now and investing it in a Trust Fund, which is invested in a similar manner as the pension fund, not only is a prudent and responsible approach, but will result in significant savings over the long term.

One approach used to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits and any accrued interest on unfunded liability. This amount, known as an Annual OPEB Cost or "AOC", consists of two pieces – the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated as needed to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County has committed to an approach of "ramping up" to the AOC amount over several years, with the amount set aside each year increasing steadily until the full AOC is reached. A total of \$31.9 million for all tax supported agencies was budgeted for this purpose in FY08. In May 2008, the County Council passed resolution No. 16-555 which confirmed an eight-year phase-in approach to the AOC. Consistent with this approach and based on the County's economic situation, the County contributed \$14.0 million to the Trust in FY08, \$19.7 million in FY09, \$3.3 million in FY10, and \$7.3 million in FY11. Due to fiscal constraints, the County did not budget a contribution for the General Fund in FY10 and FY11, but did resume contributions in FY12. For FY12, the County contributed \$26.1 million from the General Fund to the Retiree Health Benefits Trust. In addition, on June 26, 2011, the County Council enacted Bill 17-11 which established the Consolidated Retiree Health Benefits Trust. The bill amended existing law and provided a funding mechanism to pay for other post employment benefits for employees of Montgomery County Public Schools and Montgomery County College. In FY12, the County appropriated \$20 million and \$1 million for contributions on behalf of MCPS and the College, respectively. In FY13, these contributions were \$41.4 million (County General Fund), \$58.9 million (MCPS Consolidated Trust), and \$1.8 million (Montgomery College Consolidated Trust). In FY14, these contributions were \$48.9 million (County General Fund), \$83.7 million (MCPS Consolidated Trust), and \$2.4 million (Montgomery College Consolidated Trust). In FY15, these contributions were \$38.6 million (County General Fund), \$85.5 million (MCPS Consolidated Trust), and \$2.0 million (Montgomery College Consolidated Trust). These contributions allowed the County to achieve full pre-funding in FY15. In FY15, the County and all other agencies implemented the Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This will reduce retiree drug insurance costs and the County's OPEB liability.