

Resolution No.:	<u>18-571</u>
Introduced:	<u>July 12, 2016</u>
Adopted:	<u>August 2, 2016</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: Fiscal Year 2017 Work Program of the Office of Legislative Oversight

Background

1. Chapter 29A, Montgomery County Code, establishes the Office of Legislative Oversight to serve as the principal means through which the Council exercises its legislative oversight functions. This includes providing the Council with information and recommendations concerning the operations of public and private agencies, programs, and functions for which funds are appropriated or approved by the Council.
2. The law establishing the Office of Legislative Oversight specifically authorizes the Office to conduct special program or budget analyses at the request of the Council.
3. Section 29A-6 provides that the Director, Office of Legislative Oversight, shall prepare an annual Work Program, which shall be submitted to the Council for approval. On July 12, 2016, the Council introduced this resolution that outlines projects to be included on the Office of Legislative Oversight's FY17 Work Program.

Action

The County Council for Montgomery County, Maryland, approves the attached Fiscal Year 2017 Work Program for the Office of Legislative Oversight.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

Overview of Recommended FY17 Work Program

Project Number	Title
1	Septic Tanks in Montgomery County
2	Student Loan Financing Authority
3	Chief Data Officer
4	A Review of the Council Grants Process
5	Prevention of Opioid Abuse
6	Economic Impact Analysis
7	Montgomery College Metrics
8	Out-of-School-Time in Montgomery County (OOST): Demand & Supply
9	Addressing Opportunity Gaps for Children: Best Practices & Local Programs
10	Federal Grants for Smaller Departments & Offices
11	Contractors & Contractors Pay in Montgomery County Government
12	School Capacity
13	Exactions in Montgomery County
14	Paid Family and Medical Leave Grant
15	State Adequacy Study for Education Funding
16	Management of the Council's Independent Audit Contract
17	Staff Support for the Council's Audit Committee
18	Maintain & Update Interactive Fiscal Plan
19	Assist with the Review of the FY18 Operating Budget
20	Fiscal Impact Statements
21	Assignments as Needed

Project #1

Septic Tanks in Montgomery County

Principal Agency: Department of Environmental Protection

The County Council is interested in understanding the current inventory and status of septic system use in Montgomery County; including type, age, location/zoning, history of documented septic system failures, public health issues or concerns, and other relevant information. The Council is also interested in comparing Montgomery County's oversight of septic systems to other comparable jurisdictions.

It is estimated that 22,000 septic systems are in use across the County and about half predate 1975 (a key date when septic systems had to meet much stricter requirements). Because the lack of maintenance and improper use of septic systems can seriously impact the environment and, in some cases render land uninhabitable, there is a County Government interest in ensuring that septic systems function properly and are subject to appropriate County government regulation.

Specifically, this OLO report will explore:

- The locations where septic systems are in use in the County and the applicable zoning standards;
- The rules and regulations governing the installation, maintenance, and replacement of septic systems in the County;
- Data on the type and age of septic system in use in the County; and
- Information on any environmental or public health impacts resulting from septic system failure in the County.

Further, this report will examine how other jurisdictions regulate and manage private septic systems and what the implications would be if Montgomery County were to adopt a different septic system management model.

Project #2

Student Loan Financing Authority

Principal Agency: Department of Finance

In 2016, the Maryland State legislature passed enabling legislation allowing Montgomery County to establish a Student Loan Financing Authority. To do so, the bill states that the County must conduct a study that meets certain conditions as detailed below:

- (A) Before Montgomery County may establish the Montgomery County Student Loan Refinancing Authority, the County shall:
 - (1) Study aspects of implementing the Authority in accordance with State and County law, including:
 - (I) Performing a feasibility and demand study;
 - (II) Assessing the potential benefit to recruitment and retention of County and school system employees; and
 - (III) Studying the operation of similar programs in other systems, including operating costs.

OLO will complete a study that address the three implementation issues required in the law. While not explicitly stated in the bill's language, OLO will also examine startup costs in addition to the ongoing operating costs for similar programs.

Specific issues this OLO study will not address, and instead will be left for future discussion, include:

- How the program will be structured (reserves, loan/loss, approval process, etc.) to anticipate potential defaults;
- How and at what level the program might be initially funded and what level of reserve funding might be necessary;
- What a realistic financial and programmatic sequencing of refinancing, originations, payback, and grants would like; and
- Strategies for helping acquire the best bond rating possible for the program.

Project #3

Chief Data Officer

Principal Agency: County Government

As governments continue to expand their use of and reliance on data to shape policy and influence day-to-day decisions, the management of government data assets takes on a more critical role. Many jurisdictions have identified the need for a position to take responsibility for various aspects of data management, such as:

- Data warehousing;
- Business intelligence;
- Master data management;
- Data governance;
- Data quality improvement initiatives; and
- Enterprise architecture.

In recent year these responsibilities have often times been assigned to a new executive position generally called “Chief Data Officer”. Colorado appointed the first state-level Chief Data Officer in 2010. Local governments have followed suit, including New York City, Baltimore, Chicago, and Philadelphia.

A position description for a Chief Data Officer from the website of the U.S. Chief Information Officer describes the position as “part data steward for improving data quality, part evangelist for data sharing, part technologist, and part developer and strategic visionary for creation of new data products.”

This OLO memorandum report will provide the Council with information on:

- State and local governments that have created Chief Data Officer positions;
- The roles and responsibilities of Chief Data Officers in other jurisdictions; and
- How the position differs from that of Chief Information Officer.

Project #4
A Review of the Council Grants Process

Principal Agency: County Council

Each year, as part of its annual budget process, the County Council awards funds on a discretionary basis to non-profit agencies to provide goods and services in the upcoming fiscal year. These awards are known as Council grants. (In practice, a non-competitive contract is used to structure the specifications for the delivery of goods and services and to distribute the funds.)

In the early to mid-2000s, concerns were raised that Council and Executive grants had not gone through an independent application and review process comparable to the processes for the County's competitive grant programs, e.g. Community Development Block Grants or Community Services Grants. From 2004 to 2006, the Council discussed approaches to standardize the application process and convened meetings with non-profit agencies to solicit their feedback on initial efforts to bring more structure to Council grants.

For the past eleven years, the Council has adopted resolutions to guide the Council's internal process for reviewing applications and awarding funds to non-profit organizations. Generally, these resolutions have specified an application deadline and review timeline; guidance for reaching out to and holding workshops or orientation sessions to educate non-profits; the convening of a Grants Advisory Group and the scope of its responsibilities; and an outcome reporting requirement that describes the results achieved by the funding. The Council also hired a Council Grants Manager to administer the Council grants program.

The purpose of this OLO report is to review the Council Grants program. Particular focus will be placed on the large increase in the number of grant applications received over the past several years along with the level of funds made available to support these requests. This report will examine what might be done to make the management and awarding of grants more effective and efficient.

Project #5

Prevention of Opioid Abuse

Principal Agency: County Government

Opioids are a class of drugs that are mostly used to relieve pain and include the illicit drug heroin as well as the legal prescription pain relievers such as oxycodone, hydrocodone, codeine, morphine, and fentanyl. In recent years, the abuse of prescription opioids has become a public health epidemic. The National Institute on Drug Abuse (NIDA) estimates that 1.9 million people in the United States suffer from substance use disorders related to prescription opioids.

In a 2014 Senate Hearing, the Director of NIDA stated that “Several factors are likely to have contributed to the severity of the current prescription drug abuse problem...including drastic increases in the number of prescriptions written and dispensed and greater social acceptability for using medications for different purposes.” This OLO report will examine the prescription opioid abuse issue in order to provide guidance for future policy decisions.

This report will focus on two aspects of combating opioid addiction and abuse identified by the Montgomery County Alcohol and Other Drug Abuse Advisory Council.

1) Education of Prescribers. Prescribers need to know when and for which patients opioids should be used and how to counsel patients on the safe use of the drug. Some specific questions this OLO report will attempt to answer include:

- What type of practitioners prescribe opioids?
- What policies and tools are available to educate prescribers on the safe use of opioids?
- What are the obstacles to adequate prescriber education and what improvements can be made?

Further, depending upon legal access to data, this OLO report will attempt to summarize the number of opioid prescriptions and examine the population of recipients in the County.

2) Opioid Use Monitoring. Maryland has implemented two prescription drug monitoring systems: the Prescription Drug Monitoring Program (PDMP) and Chesapeake Regional Information System for our Patients (CRISP) to collect and share information on, among other things, opioid use and abuse events. Some of the questions this report will attempt to answer include:

- What are the obstacles to use of the electronic patient monitoring systems?
- What can be done to ease and increase the utilization of such systems?
- What other policies or procedures should be implemented to clarify opioid event reporting?

Additionally, depending upon legal access to data, OLO will examine which populations use electronic drug monitoring systems in Maryland including PDMP and CRISP.

Project #6

Economic Impact Analysis

Principal Agencies: County Executive, OMB, Finance

Currently the Executive Branch develops estimates of the economic impact that legislation and Executive regulations will have in Montgomery County. While these documents provide valuable information and serve an important role in the Council's review of proposed legislation, in some instances Councilmembers want additional or more detailed economic impact analysis to supplement the estimates from Executive Branch staff.

Because economic impact analysis is an exceptionally challenging task that oftentimes requires subject matter expertise outside of County government, the Office of Legislative Oversight will identify a group of outside consultants able to perform this type of work.

At the request of Councilmembers, OLO will contract with these outside experts to expand upon or provide additional economic impact analysis reports that address Councilmember questions on specific legislation. The scope and number of these projects will vary and depend upon available OLO resources. Approximately \$35,000 has been set aside in FY17 for this type of work.

Project #7

Montgomery College Metrics

Principal Agency: Montgomery College

The County Council is interested in better understanding how the effectiveness and efficiency of the range of programs offered by Montgomery College can be evaluated. In order to better allocate funding to the College, the County Council would like OLO, working in collaboration with Montgomery College, to develop a group of agreed-upon outcome measures that accurately reflect the work Montgomery College is doing and the impact it is having.

Measures should be based on both:

- Generally established metrics used by Community Colleges across the country;
- Metrics on programs and activities that may be unique to Montgomery College.

Once established, it is expected that data on the agreed upon measures will be collected and reported on an ongoing, regular basis.

Project #8

Out-of-School-Time in Montgomery County (OOST): Demand and Supply

Principal Agencies: County Government and MCPS

Montgomery County has numerous structured programs that cater to children when they are not in school, typically referred to as Out-of-School-Time (OOST) programs. However, the current delivery of OOST programs and services in the County is highly decentralized with a number of public and private OOST providers. To strategically expand OOST programs in the County, a more thorough assessment of the supply and demand for such programs is warranted.

This OLO project will build upon the FY16 OLO work currently being done on The Children's Trust project by conducting a detailed assessment of the supply and demand for OOST activities in the County. Specifically, OLO will survey OOST providers and parents to map available options locally and to elicit an improved understanding of where additional OOST services are needed.

Project #9

Addressing Opportunity Gaps for Children: Best Practices and Local Programs

Principal Agencies: County Government and MCPS

Beyond out-of-school time, Children's Trusts in other jurisdictions have invested in early childhood education, crime prevention, behavioral health, and workforce development. The County Council is interested in better understanding how the Children's Opportunity Fund in Montgomery County could expand its portfolio of programs and services to one or more of these additional child-serving areas.

In order to address those issues, OLO will provide a synthesis of best practices in additional child-serving areas for helping to narrow the opportunity gap by family income and begin an analysis of the demand and supply for these additional services in the County.

Project #10

Federal Grants for Smaller Departments and Offices

Principal Agency: County Government

Grants from the federal government can provide County programs important sources of funding and allow for the implementation of new and innovative programs. The County Council is interested in better understanding the process by which the County makes decisions about whether or not to pursue federal grant opportunities and how these grant applications are subsequently developed.

In particular, the Council is interested in understanding how smaller departments and those that are not “typical” applicants for federal grants are informed about potential grant opportunities and how these applications are then developed. OLO will examine the processes currently in place that oversee the grant application process with particular focus placed on those departments that are not or are only irregularly applying for federal grant opportunities.

Project #11

Contractors and Contractors Pay in Montgomery County Government

Principal Agency: County Government

In FY16, OLO was assigned a project intended to determine the total number of individuals employed by Montgomery County as contractors. This project is currently underway but initial findings suggest determining the exact number of contractors employed by Montgomery County will be difficult because of the way in which contracts and contract reporting requirements are structured.

OLO will continue to investigate this question to the best of its ability. Additionally, the County Council wishes to better understand contractor pay and how wages are adjusted in contracts that are awarded for multiple years. OLO will add this component to the initial project. While it will be unable to provide a complete inventory of the total number of contractors employed by the County, OLO will attempt to estimate the size of the contractor workforce and provide recommendations about how a more complete count can be developed in the future.

Project #12

School Capacity

Principal Agency: MCPS

School overcrowding has been a pervasive concern in Montgomery County, but it is a challenge faced by many other school systems as well. School districts have used a variety of approaches to address overcrowding, including restricting residential development, adjusting school boundaries to redistribute students to less crowded schools, making use of portables and non-instructional space for classrooms (e.g., libraries and gymnasiums), and adopting year-round school calendars to serve more students in existing school buildings. This report will research approaches used by other jurisdictions and provide analysis of the benefits and tradeoffs achieved by the various strategies.

This research report is intended to provide Councilmembers an overview of approaches that are being implemented elsewhere so they may better understand decisions made by MCPS in the context of our unique environment. The report will not offer recommendations about what strategies are most appropriate in Montgomery County.

Project #13

Exactions in Montgomery County

Principal Agency: County Government

Exactions can be defined as “requirements a local government places on a developer to dedicate land or construct or pay for all or a portion of the costs of capital improvements needed for public facilities as a condition of development approval. Exactions come in many forms—they may be called conditions or impact fees and may be in the form of infrastructure building, cash payments to the local government, dedications of land for public uses, conditions on future land use, restrictions on alienation, or other restrictions or burdens on the permit applicant.” (Florida, 2015).

The use of exactions as a condition for development is common in the Washington D.C. Metro area and County Council members are interested in better understanding how exactions applied in Montgomery County compare to those in surrounding jurisdictions. This OLO report will examine recent use of exactions in Montgomery County and surrounding jurisdictions and, to the extent possible, offer comparisons in their application and level.

Project #14

Paid Family and Medical Leave Grant

Principal Agency: OLO

In 2016, OLO was awarded a federal grant from the Department of Labor to oversee an investigation into the feasibility of establishing a paid family and medical leave program in Montgomery County. OLO contracted with the Institute for Women's Policy Research and the Center for American Progress, two of the established thought leaders on the topic, to produce a report intended to educate key audiences and present options for implementing a paid family and medical leave policy in Montgomery County. Using financing and benefit modeling and cost benefit analysis, the two partners have been working on the report since October, 2016.

OLO is overseeing the research to confirm proper methodological procedures are followed and is providing expertise and advice on issues unique to Montgomery County. The final report is due to the Department of Labor in the fall of 2017. During FY17, OLO will continue to oversee this work and ensure its timely completion and publication.

Project #15

State Adequacy Study for Education Funding

Principal Agency: MCPS

The 2002 Bridge to Excellence Act that resulted in the Thornton Commission and the current State Education Aid funding law required a follow up study of the adequacy of education funding in the State to be undertaken approximately 10 years after its enactment. The State initiated this adequacy study in 2014.

Currently, the work of the adequacy study is set to transition to the General Assembly, where a legislative commission will review the findings of the Study of Adequacy in Education Funding in Maryland and make recommendations for changes to Maryland's current state and local education funding laws. The County Council is interested in better understanding the study's findings and the impact it will have in Montgomery County.

For this project, OLO will analyze the study and, using the State's funding model, examine how the funding components impact Montgomery County, the relative sensitivity of the variables and components involved, and how any potential changes would impact Montgomery County's State Education Aid. This project will ensure that the Council is informed about the impact of possible State-wide changes in the funding formulas and inform advocacy at the State during this process.

Project #16

Management of the Council's Independent Audit Contract

Principal Agency: County Government

Section 315 of the County Charter requires the Council to contract with a certified public accountant to perform an annual independent audit of the County Government's financial statements. The Council also contracts for the annual audit of the financial statements of the employee retirement plans and the Montgomery County Union Employees Deferred Compensation Plan.

Since 1991, the Council has assigned the Office of Legislative Oversight the responsibility to act as the Council's contract administrator and provide support to the Council during the period of audit engagement. OLO carries out these responsibilities with oversight and guidance from the Council's Audit Committee. The Audit Committee consists of the members of the Government Operations and Fiscal Policy Committee, with the Council President and Vice President serving as *ex officio* voting members.

The FY17 Independent Financial Audit NDA funds the independent audits of the FY16 financial statements issued by the County Government, the employee retirement plans, and the Montgomery County Union Employees Deferred Compensation Plan. FY17 is the first year of the Council's new contract with CliftonLarsonAllen LLP to provide audit services.

Project #17

Staff Support for the Council's Audit Function

Principal Agencies: All County-funded agencies

Council Resolution 16-826, adopted January 27, 2009, calls upon the Council's Government Operations and Fiscal Policy (GO) Committee "to continue to strengthen the Council's independent review and oversight of the County's financial reporting, management control, and audit activities." When performing these functions, the Government Operations and Fiscal Policy Committee (GO) meets as the Council's Audit Committee, with the Council President and Vice President serving as ex-officio voting members. The resolution requires the GO Committee to meet as the Council's Audit Committee at least four times a year.

Council Resolution 16-826 assigns the Office of Legislative Oversight the responsibility to coordinate staff support for the GO Committee when it meets as the Audit Committee. During FY17, the Committee is scheduled to receive regular updates from the Office of the Inspector General and the Office of Internal Audit, receive a report from the County's external auditor on the results from the audit of the FY16 financial statements, submit an end-of-year report to the Council, and address other issues as needed.

As directed by the Council resolution, OLO will ensure that the Committee receives "assistance from the Council staff, the Office of the Inspector General, Executive Branch and other County agency staff, and contractors with appropriate expertise" in carrying out its "oversight of financial reporting and risk assessment."

Project #18

Maintain and Update Interactive Fiscal Plan

Principal Agencies: All County-funded agencies

The Council asked OLO to create a web-based tool to allow policy makers and the public to better understand the long-term fiscal impacts of alternative budget decisions. In response to this directive, OLO developed a budget model known as the “Interactive Fiscal Plan.” The Interactive Fiscal Plan is a model that allows users to input alternative revenue and expenditure assumptions in the County’s six-year budget projections. The model calculates the cumulative six-year effect of adjusting the assumed average annual rate of change for major fiscal variables including revenue generation, agency spending, and debt service payments.

OLO launched the web-based model in December 2014. During FY17, OLO will maintain the model and periodically update the data to reflect current budget decisions and economic projections. In addition, OLO staff will demonstrate the model at public meetings as directed by the Council.

Project #19

Assist with Review of the FY18 Operating Budget

Principal Agencies: All County-funded agencies

During the spring of 2017, OLO staff will assist Central Council staff to prepare analyses for Committee and Council work sessions on the FY18 operating budget. This project is similar to OLO's operating budget-related assignment in recent years. For this portion of the FY17 Work Program, the OLO Director will work collaboratively with the Council Administrator to identify specific budget areas for OLO staff assistance.

Additionally, OLO will assist the Council on additional budget-related analysis throughout the year. OLO will be on call to provide support and analysis for a limited number of tasks that may include fiscal impact statements, collective bargaining provisions that result from labor negotiations, non-competitive awards, or unanticipated items that arrive in agencies' budget proposals.

Project #20

Fiscal Impact Statements

Principal Agencies: County Executive, OMB, Finance

Fiscal impact statements refer to the Executive Branch's estimates of the fiscal costs associated with pending legislation and Executive regulations. While these documents serve an important role in the Council's review of proposed legislation, Councilmembers often want more detailed analysis, have additional questions, or would like the information in the fiscal impact statements to be available earlier in the legislative process.

In both FY15 and FY16, the Office of Legislative Oversight reviewed all fiscal impact statements that the Council received from the Executive Branch; provided additional analysis on selected fiscal impact statements if requested by a Councilmember or Council staff or deemed appropriate by OLO staff; and compiled a monthly summary and tracking report of all fiscal impact statements received.

During FY17, OLO will continue the fiscal impact statement project using the same general model and framework, except that OLO will provide biannual (instead of monthly) summary and tracking reports.

Project #21

Assignments as Needed

Principal Agencies: All

In order to better meet the needs of Councilmembers, OLO will leave space on its work program to conduct research reports. Upon request of Councilmembers and the approval of the Council President, OLO will, on an as needed basis, add assignments to its work plan. These reports will address topics that arise over the course of the year.

One of OLO's FY17 priorities is to provide continued flexibility in its ability to take on and complete research assignments that arise over the course of the year. Projects that are added to the work program under Project #21 will be released to the public in the same manner as other OLO projects but will not necessarily be assigned to a discussion at a committee hearing. They will be research-based and require only minimal interaction with staff of other government agencies.