Resolution No.:	18-882
Introduced:	July 18, 2017
Adopted:	July 25, 2017

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: County Council

SUBJECT: Fiscal Year 2018 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 18, 2017, the Council introduced this resolution that outlines projects to be included on the Office of Legislative Oversight's FY18 Work Program.

Action

The County Council for Montgomery County, Maryland, approves the attached Fiscal Year 2018 Work Program for the Office of Legislative Oversight.

This is a correct copy of Council action.

Linda M. Lauer

Linda M. Lauer, Clerk of the Council

OLO FY18 Work Program

1) Two-Generation Approach to Poverty in Immigrant Communities

2) Evictions in Montgomery County

3) County Debt Service

4) Impact of MCPS' Current Resource Allocations on Achievement Gaps

5) Social Impact Bonds and Pre-K

6) Review and Recommendations on Shallow and Mid-Level Rental Subsidies

7) Economic Impact Analysis

8) Bethesda Urban Partnership

9) Housing Allowances for Public Sector Employees

10) Availability of Afterschool Programs Among Schools by Student Poverty Levels

11) Best Practices in Early Childhood Care and Education

12) Family-Based Providers and Pre-K

13) State Adequacy Study for Education Funding

14) Impact of Early Childhood Care and Education

15) Lessons on Promoting Racial Equity from Other Jurisdictions

16) Cost of Retiree Health Benefits

17) Reverse Auctions and Procurement

18) Compliance and Enforcement of Worker Rights

19) Staff Support for the Council's Audit Function

20) Management of the Council's Independent Audit Contracts

21) Maintain and Update Interactive Fiscal Plan

22) Assist with Review of the FY19 Operating Budget

23) Fiscal Impact Statements

24) Assignments as Needed

Project #1

Two-Generational Approach to Poverty in Immigrant Communities

Principal Agencies: Montgomery County Government Department of Health and Human Services

A two-generation approach to poverty is, in broad terms, an effort to disrupt the cycle of poverty by serving parents and children individually and together as a family unit. Two-generation programs seek to re-engage parents in education and/or work, nurture parent/child bonds, improve children's well-being, and connect families to economic, social, and other supports.

In November, 2015, OLO published Memorandum Report 2016-2: *Two-Generation Approaches to Poverty*, which examined programs designed to address two-generational poverty and opportunities in Montgomery County to develop two-generational approaches. As a follow-up to Report 2016-2, this report will examine how two-generation approaches to poverty can be targeted to have successful outcomes for immigrant families. OLO will explore whether and how two-generation programs and initiatives have been adapted to serve immigrant communities and will examine the most effective strategies from the programs.

Project #2

Evictions in Montgomery County

Principal Agency: County Government; Sheriff's Office of Montgomery County

When the tenant(s) of a property fails to pay previously agreed upon rent in Montgomery County or is in violation of some other rental clause, the owner of the property may ask the court for permission to evict the tenant. The District Court then issues a writ of restitution to the Sherriff's office that describes the steps the tenant must take to remain in the home. Each year Montgomery County's Sheriff receives over 10,000 writs of restitution, and while a great number of these are resolved before an eviction is carried out, oftentimes the Sheriff is forced to evict a tenant from a property.

This OLO project will examine data on evictions in Montgomery County to help the County better understand how it might prevent evictions and prevent homelessness for low-income households. OLO will map the eviction process, collect data on numbers of eviction proceedings from filing to actual eviction. OLO will use these data to evaluate how the County works to prevent eviction, how it addresses the issue when the eviction must become final, and how it assists those who are ultimately evicted.

Project #3

County Debt Service

Principal Agencies: All County-funded agencies

Debt service is the annual payment of principal, interest, and issuance costs for bonded indebtedness (and other long- and short-term financing). The County issues debt for the planning, design, construction and acquisition of public facilities, durable equipment, and infrastructure serving the County Government, the Montgomery County Public Schools, Montgomery College, and M-NCPPC.

During the past decade, County tax-supported debt service payments have increased 71% from $219 million in FY07 to $375 million in FY17. Annual debt service payments comprise more than 8% of County aggregate tax-supported spending and exceed the annual tax-supported expenditures of Montgomery College and M-NCPPC combined. While borrowing allows the County to access capital to build needed facilities, purchase equipment, and undertake infrastructure improvements, increasing annual debt service payments reduces the resources available for operating budget requirements.

The County also issues debt to be repaid by non-tax-supported funds. In FY17, the County expended more than $14 million dollars in non-tax-supported debt service.

In 2009, the Council approved Resolution 16-1173, *Local Government Debt Policy*, which governs how the County issues and manages debt. This Debt Policy established several debt capacity measures to protect the County's AAA bond rating.

In 2015, the Council approved Resolution 18-269, *Spending Affordability Guidelines for the FY2017 Aggregate Capital Budget,* that sets the planned general obligation bond debt issuance at $340 million for FY18 and at $2.04 billion total for FY17 through FY22.

For this project, OLO will present the Council with detailed information on the components of the County's current debt position. The report also will compare current debt levels with the capacity measures stated in the Debt Policy and will describe how modifying the annual level of debt issuance could affect the County's capital program and operating budget in future years. In addition, the report will address the use of both tax-supported and non-tax-supported resources for bond repayment.

Project #4

Impact of MCPS' Current Resource Allocations on Achievement Gaps

Principal Agencies: Montgomery County Public Schools

OLO Report 2015-15, *MCPS Resources and Staffing*, describes how MCPS allocates revenue and staffing to high- and low-poverty schools.[1] In this report, OLO found that funding allocated to MCPS based on its low-income enrollment was often spent on programs intended to benefit all students regardless of income rather than low-income students. Of the $151 million in revenue that MCPS received based on its FARM enrollment in 2013-14, OLO identified $90 million in budgeted expenditures as targeted to low-income students or schools in whole or in part. This differed from how MCPS allocated special education and ESOL revenue.[2]

Notwithstanding whether funding based on FARMS enrollment should be targeted to students not receiving FARMS, this OLO project will consider the impact of MCPS' general education supports and interventions for struggling learners on the achievement gap by income, race, and ethnicity. OLO will rely on a review of current budget documents and published resources, including MCPS' program budgets and their master plans submitted to MSDE, to identify the general education supports above and beyond the core instructional program. OLO will examine program and budget data on these identified programs to assess and describe their impact on MCPS achievement gaps by income, race, and ethnicity. The following questions will be posed as part of OLO's review:

- What are the current objectives, budgets, and revenue sources for each program?
- How many students are served? What shares of students receive FARMS or are black or Latino?
- Have the programs been evaluated? If so, what do the evaluations say about program impact?
- If programs have not been evaluated, what performance measures, if any, are tracked to discern program impact? What have been the trends in program performance?
- What has been the impact of programs in narrowing achievement gaps by student income, race, and ethnicity? What investments, if any, have been especially beneficial at narrowing gaps?
- What opportunities for improvement exist? How has MCPS used data on program impacts to continuously improve programs and/or to reallocate resources?

Of note, this project will not consider the impact of MCPS' special education and ESOL programs on achievement gaps by student disability and English language learner status because the intent of this project is to improve the County Council's understanding of how MCPS general education supports impact achievement gaps and the efficacy of current resource allocations toward this end.

[1] http://www.montgomerycountymd.gov/OLO/Resources/Files/2015_Reports/OLOReport2015-15ResourcesAndStaffingAmongMCPSSchools.pdf

[2] Unlike compensatory education programs for low-income students, MCPS allocates all state funding based on special education and ESOL enrollment to special education and ESOL programs and adds significant County revenue to help offset the costs of special education and ESOL programs as noted in OLO Report 2015-15.

Project #5

Social Impact Bonds and Pre-K

Principal Agency: County Government

Social Impact Bonds (SIBs), also known as "social innovation financing" or "pay for success," are a relatively new financing mechanism used by the public sector to support social programs. A SIB is a partnership between a government and investors where the investors fund a social program and/or a series of social interventions designed to achieve a social impact that is in the interest of the government.

The government and the investors typically arrive at a set of agreed-upon outcome variables. The government then pays the investors for their intervention only upon achievement of these agreed-upon performance metrics. If agreed-upon variables are not met, the government is not required to pay for the services provided. Proponents of SIBs believe that this approach allows governments to more effectively drive outcome-based approaches to social programing by paying only for results and shifting the risk of program implementation to the private sector.

This SIB model has been applied across a range of different social programs both in the United States and internationally. The Council is interested in understanding if such an SIB model might work in the County. This report will examine the successes and failures experienced by other jurisdictions that have implemented a SIB model and explore whether these experiences might be applicable in Montgomery County. The report will pay particular attention to early education and child care programing.

Project #6

Review and Recommendations on Shallow and Mid-Level Rental Subsidies

Principal Agency: Department of Health and Human Services, HOC

In their review of a gap analysis, the Interagency Commission on Homeless and the Continuum of Care have discussed how best to use and target County-funded rental subsidy programs. The County's main programs are the Rental Assistance Program (RAP), administered by Department of Health and Human Services, and the Rent Supplement Program, administered by HOC. The County Council is interested in better understanding the rules and criteria governing these programs and how they target (or don't target) specific households.

Additionally, OLO will examine how the programs might/should complement each other and how resources can be combined with other programs, such as State rental assistance and how they might complement other types of housing assistance, such as Rapid Re-Housing. Finally, this project will include analysis of locally-funded rental assistance programs in jurisdictions similar to Montgomery County, including the amount of local funding and who is eligible to receive funding.

Project #7

Economic Impact Analysis

Principal Agency: 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.

Project #8

Bethesda Urban Partnership

Principal Agency: Bethesda Urban Partnership, Inc.

Chapter 68A of the County Code authorizes the County to establish urban district corporations to provide services in the County's urban districts. By law, an urban district corporation exists for five years after its articles of incorporation are accepted for recording by the State Department of Assessments and Taxation. The urban district corporation can be extended for an unlimited number of additional five-year terms by a resolution adopted by the County Council and approved by the County Executive. Before the County renews the corporation's term, the law requires the Office of Legislative Oversight to conduct a performance evaluation.

In December 2013, the County Council approved Resolution 17-955, which reauthorized the Bethesda Urban Partnership, Inc. (the Partnership) as the corporation for the Bethesda Urban District for its fifth five-year term. The current term began on February 1, 2014 and ends on January 31, 2019.

OLO's evaluation of the Bethesda Urban Partnership will be submitted to the Council in summer 2018. The report will include:

- Background information on urban districts in general and other designated districts in downtown Bethesda;
- An overview of the Partnership's governing structure and brief history of the organization since its creation in 1993;
- Descriptions of the Partnership's staffing, the services it provides and the Partnership's finances;
- A review of the progress that the Partnership made based on their new 2018 strategic plan; and
- Feedback from County Government and Community Representatives who interact with the Partnership or benefit from its services.

Project #9

Housing Allowances for Public Sector Employees

Principal Agency: County Government

Finding affordable housing in Montgomery County is particularly challenging for young people entering the workforce. This is particularly true for police officers, teachers, firefighters and other government employees just beginning careers in the public sector. These individuals often will seek more affordable housing in jurisdictions further removed from the immediate Washington D.C. metro area and commute to Montgomery County for work. By the time the salaries of police officers, teachers, firefighters and other government employees rise to a level where they might be able to afford housing in the County, these individuals oftentimes have established deep ties to the communities they live in and choose not to relocate to Montgomery County.

Several jurisdictions across the country with economic and housing profiles similar to Montgomery County's have implemented programs that provide additional housing allowances to certain classes of employees if they reside within the boundaries of that jurisdiction. This OLO report will examine the costs and benefits of such programs and whether one might be feasibly implemented in Montgomery County.

Project #10

Availability of Afterschool Programs Among Schools by Student Poverty Levels

Principal Agencies: County Government (Recreation, DHHS), Montgomery County Public Schools

Data from the National Survey of America's Families show that, increasingly, children and youth living in low income households are less likely to participate in out of school time activities (OOST) compared with their higher income peers. In Maryland, for example, 41% of children ages 6 to 11 living in households under 200% of the federal poverty level participated in OOST during 2011 to 2012, compared with 71% of children living in higher income households.[3]

In Montgomery County, many children and youth participate in OOST programming offered in their schools after the school day ends. To better understand access to OOST programming in the County, this report will examine the provision of OOST programming in public schools during the after-school hours. In particular, this report will:

- Compare the availability of OOST programming among public schools by the percentages of students receiving Free and Reduced Price Meals (FARMs); and
- Investigate factors that influence whether OOST providers operate in high-poverty schools.

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[3] Moore, K. A., Murphy, D., Bandy, T., & Cooper, P.M., Participation in Out of School Time Activities and Programs," Child Trends Research Brief, accessed March 14 at https://www.childtrends.org/wp-content/uploads/2014/03/2014-13OutofSchoolActivities1.pdf.

Project #11

Best Practices in Early Childhood Care and Education

Principal Agency: Montgomery County Public Schools

In FY16, the County Council tasked OLO to improve its understanding and oversight of pre-k programs for four-year-olds by describing the benefits of pre-k, best practices, local programs, estimated costs to expand pre-k, and practices in other jurisdictions. OLO Report 2017-7 found that pre-k programs that employ the following best practices demonstrated greater benefits:

- Low Class Size Ratios (1:10)
- Two-Adults per Class
- Early Learning Standards
- Support for Students with Disabilities
- Support for English Language Learners
- Education and Compensation for Staff
- Effective Curriculum

As the County Council broadens its interest and oversight to focus on improving systems of early childhood care and education to serve younger children between the ages of 0-3, an understanding of best practices for serving this cohort of children is warranted. This project will collect and compile information on best practices for providing early childhood care and education programs and services for children between the ages of 0-3 to improve the Council's understanding of program components that are essential features of high quality ECCE programs.

In addition to describing best practices for programming across the early childhood age span (ages 0-3), this project will also summarize the research describing best practices for different ECCE options such as home care, child care facilities, and nursery schools. OLO will rely on a review of existing best practice resources compiled by leading research organizations to complete this project.

Project #12

Family-Based Providers and Pre-K

Principal Agency: County Government, Montgomery County Public Schools

In FY16, the Council tasked OLO to improve its understanding and oversight of pre-k programs for four-year-olds by describing the benefits of pre-k, best practices, and local programs. OLO Report 2017-7 found that the County relied on a mix of pre-k slots among child care centers, public pre-k programs, and licensed family homes to serve 8,900 four-year-olds in FY14.

Among local four-year-olds enrolled in care, most were enrolled in child care centers (56%) or public pre-k programs (37%) rather than in licensed family homes (7%). Yet, licensed family homes had more capacity to serve additional children with 416 unused slots in FY14 compared to 359 unused slots among child care centers and no unused slots in public pre-k.

As the Council considers options for expanding pre-k slots for four-year-olds, additional information about how family child care providers can be used to deliver high quality pre-k services will be warranted. Toward this end, OLO will review best practices for expanding the capacity of licensed family child care providers to deliver pre-k services.

This project will also describe efforts in other jurisdictions to use family child care providers to deliver pre-k services and the benefits and risks of delivering public pre-k programs in family-based settings. OLO will rely on a review of the existing literature compiled by leading researchers and research organizations to complete this project.

Project #13

State Adequacy Study for Education Funding

Principal Agency: County Government, Montgomery County Public Schools

In November 2016, a consultant completed a report commissioned by the Maryland State Department of Education, the *Final Report of the Study of Adequacy of Funding for Education in Maryland.* That report included recommended modifications to: (a) the total amount of State aid offered to county school districts; and (b) the methodology for allocating State aid among Maryland counties. The Maryland Commission on Innovation and Excellence in Education currently is reviewing the consultant's report and is expected to offer recommendations to the General Assembly regarding the adequacy of public education funding and the method of allocating State aid among Maryland counties.

OLO staff will be available as needed to assist the Council, MCPS, and the County Office of Intergovernmental Relations by analyzing alternative State aid funding models to determine how different provisions would impact funding to MCPS.

Project #14

Impact of Early Childhood Care and Education

Principal Agency: County Government, Montgomery County Public Schools

In FY16, the Council tasked OLO to improve its understanding and oversight of pre-k programs for four-year-olds by describing the benefits of pre-k, best practices, local programs, estimated costs to expand pre-k, and practices in other jurisdictions. OLO Report 2017-7 found that every dollar spent on pre-k for four-year-olds generated benefits of $2 to $8 dollars in reduced governmental costs and increased earnings for pre-k participants in adulthood. In FY18, the Council added funding for MCPS to convert half-time Head Start slots into full-day slots.

As the Council considers the impact of expanding pre-k slots for more four-year-olds, information describing the impact of high quality early childhood care and education on younger children is warranted. This project will collect and compile information on the costs and anticipated benefits of early childhood care and education services for children between the ages of 0-3 to improve the Council's understanding of the potential impact of high quality ECCE programs and services.

Like the research cited in OLO Report 2017-7 that describes the anticipated impact of every dollar spent on pre-k for four-year-olds, this OLO project will describe the anticipated impact of each dollar spent on ECCE across the early childhood age span (ages 0-3). This project will also summarize the research describing the impact of different ECCE options such as home care, child care facilities, and nursery schools. OLO will rely on a synthesis of existing literature reviews compiled by leading research organizations to complete this project.

Project #15

Lessons on Promoting Racial Equity from Other Jurisdictions

Principal Agency: County Government

Gaps in outcomes by race and ethnicity exist across many, if not most, measures of well-being. Racial inequities occur in education, criminal justice, jobs, housing, public infrastructure, and health. These racial gaps are pervasive, characterizing most cities, counties, states, and the nation at large.

The Government Alliance on Race and Equity (GARE) at the University of California, Berkeley, finds that government at all levels "has played a role in maintaining racial inequity." GARE notes, for example, the continuing impact today of de jure segregation on housing and educational opportunities for children of color. It also notes the strong relationship between class and race and the need for governments to explicitly target both to expand opportunities and improve outcomes for all.

GARE has worked with several local jurisdictions to actualize their vision of racial equity via the development of racial equity plans and tools for government decision-making (e.g., policy and budget). GARE has also worked with several jurisdictions to implement policy changes that promote racial equity, including: ending the use of criminal background checks in employment decisions (in Seattle, WA); promoting the inclusion of communities of color in government (in Madison, WI); and eliminating racial inequities in employment (in Minneapolis, MN).

This project will identify lessons from other jurisdictions on best practices for promoting racial equity. To this end, OLO will review and describe the strategies advocated by GARE and/or used in other local jurisdictions to promote racial equity in government hiring, contracting, community access, and partnerships. OLO will also describe strategies for framing local racial equity efforts to elicit broad support among multiple stakeholders. Local jurisdictions that will be profiled in this project report include Fairfax County, VA; Seattle, WA; Portland, OR; and Minneapolis, MN.

Project #16

Cost of Retiree Health Benefits

Principal Agency: Tax-Supported County Agencies

All four tax-supported County agencies (County Government, MCPS, Montgomery College, and M-NCPPC) provide post-employment health benefits to eligible retirees. Although each agency sets its own retiree plan design, eligible retirees from all four agencies receive medical, prescription drug, dental, and vision coverage. While retirees pay a portion of the cost, County agencies annually contribute a significantly larger amount. The current annual four-agency combined cost for retiree health benefits is approximately $300 million.

There are two components to the cost paid by County agencies:

- *Pay-as-you-go funding* refers to the annual cost of group insurance benefits for current retirees. Under the pay-as-you-go funding method, agencies annually budget resources to pay the current year's cost of health care claims for retirees and their dependents.

- *Pre-funding* is the practice of setting aside assets at the time employees earn a benefit to cover cost obligations that will be paid in the future. In 2011 the Council established a Consolidated Retiree Health Benefits Trust for the County Government, MCPS, and Montgomery College. The bi-county M-NCPPC manages its own retiree health benefit trust fund.

OLO will team with Council Central Staff to prepare a report that provides a comprehensive and up-to-date understanding of current and projected future retiree health benefit costs. The report will include:

1. An explanation of the cost of retiree health benefits in the context of aggregate operating budget and individual agency operating budgets.
2. Current and projected agency-by-agency information regarding number of retirees, annual pay-as-you-go costs, and annual pre-funding costs.
3. An analysis of funded ratios for the Consolidated Retiree Health Benefits Trust Fund and the bi-county M-NCPPC retiree health benefit trust fund.
4. An analysis of similarities and differences among agency retiree health plan designs, actuarial assumptions, and actuarial experiences.
5. A projection of long-term retiree health benefit costs and identification of possible strategies to control the growth of these costs.

If necessary, OLO and Council Central Staff will seek assistance from the Council's actuarial adviser in support of this project.

Project #17

Reverse Auctions and Procurement

Principal Agency: County Agencies

A reverse auction is one in which the roles of the buyer and seller are reversed. Instead of bidding up the price of an item or service, bidders compete against one another by lowering the price or amount they charge for goods and services. Increasingly, governments at the local, state and federal levels are turning to reverse auctions when procuring goods or services.

Proponents of the reverse auctions believe these auctions lower the overall costs of goods and services (particularly for non-complex commodities and simple services) and allow procurement departments or offices to function more efficiently. Montgomery County has participated in reverse auctions and Council members would like to better understand the process, how Montgomery County has utilized this type of procurement and the results achieved by other governments and jurisdictions. This report will also focus on what, if any, reverse auction strategies might benefit the County Government and other County agencies.

Project #18

Compliance and Enforcement of Worker Rights

Principal Agency: County Government

Montgomery County has recently implemented several new laws or requirements designed to improve the quality of life of individuals employed in Montgomery County. In particular, the County Council passed into law requirements that businesses raise the minimum wage they pay employees and that businesses provide employees with paid parental leave to care for newborns and the arrival of adopted and foster children.

The County Council is interested in better understanding how well employers are complying with these new laws and, in instances where compliance is questioned, how effectively these laws are being enforced. This report will examine the structures put in place to regulate and ensure compliance with these recently passed initiatives.

Project #19

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 FY18, 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 FY17 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 #20

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 FY18 Independent Financial Audit NDA funds the independent audits of the FY17 financial statements issued by the County Government, the employee retirement plans, and the Montgomery County Union Employees Deferred Compensation Plan. FY18 is the second year of the Council's contract with CliftonLarsonAllen LLP to provide audit services.

Project #21

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 FY18, 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 #22

Assist with Review of the FY19 Operating Budget

Principal Agencies: All County-funded agencies

During the spring of 2018, OLO staff will assist Central Council staff to prepare analyses for Committee and Council work sessions on the FY19 operating budget. This project is similar to OLO's operating budget-related assignment in recent years. For this portion of the FY18 Work Program, the OLO Director will work collaboratively with the Council Staff Director to identify specific budget areas for OLO staff assistance. Priority consideration will be given to topics that OLO has studied before.

Additionally, OLO will assist County 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 #23

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 FY16 and FY17, 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 FY18, 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 #24

Assignments as Needed

Principal Agencies: TBD

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 FY18 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 #23 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.