

MEMORANDUM

February 20, 2009

TO: County Council

FROM: Phil Andrews, Council President



SUBJECT: **Action: Council Resolution to Amend the Office of Legislative Oversight's FY 2000 Work Program**

On February 10, 2009, the Council introduced the attached resolution to amend the Office of Legislative Oversight's FY 09 Work Program. Council action is scheduled for February 24, 2009.

The attached resolution adds the following assignments to OLO's FY09 Work Program as Projects #16 and #17:

- One project enlists OLO's staff to assist central Council staff with preparing material for the Council's FY10 operating budget worksessions; and
- The other project asks OLO to prepare research briefs on two cost-cutting alternatives to layoffs: furloughs and voluntary departure incentive programs.

As noted in my cover memo that accompanied last week's introduction, I agree with OLO Director Karen Orlansky's recommendation that it is not necessary for the Council to remove any projects from the previously approved FY09 Work Program. However, as it becomes evident how much OLO staff time needs to be reallocated to budget-related work between now and the end of May, the completion of a number of other OLO projects will be delayed until after budget season. If necessary, these projects can be carried over onto the proposed OLO's FY10 Work Program, which the Council will consider and approve before summer recess.

Attachment

Resolution: _____
Introduced: February 10, 2009
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Amendment to the FY 2009 Work Program of the Office of Legislative Oversight

Background

1. On July 29, 2009, the Council adopted Resolution 16-673, to establish the FY 2009 Work Program of the Office of Legislative Oversight. Resolution 16-673 assigned the Office of Legislative Oversight with 15 projects to be undertaken during the current fiscal year.
2. The latest economic indicators at the national, regional, and County levels all reflect the sharp downturn in the real economy and continued problems in the financial markets. Recent data on unemployment, housing starts, consumer spending, and business investment all suggest continued weakness in County income, property, and transfer and recordation tax revenues.
3. The Council's decision-making on the FY10 budget promises to be extraordinarily difficult. The Council wants to increase the resources available to assist with staffing the Council's budget FY10 worksessions, but wants to do so within existing budget allocations.
4. 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.

Action

The County Council for Montgomery County, Maryland, approves the addition of the following two projects to the Office of Legislative Oversight's FY 2009 Work Program:

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

PROJECT #16
ASSIST WITH REVIEW AND ANALYSIS OF THE FY10 OPERATING BUDGET

The Office of Legislative Oversight (OLO) will assist Council staff to prepare materials for use by the Council at FY10 budget worksessions. In particular, OLO staff will provide additional review and analysis of specific budget items that the OLO and Council Staff Directors jointly identify following the Council's receipt of the Executive's Recommended FY10 Operating Budget in mid-March. In identifying topics for additional examination by OLO staff, priority consideration will be given to topics that OLO has studied during the past several years.

PROJECT #17
PREPARE RESEARCH BRIEFS ON THE USE OF FURLOUGHS AND VOLUNTARY DEPARTURE INCENTIVES

In these difficult economic times, many local governments are finding themselves compelled to lay employees off. Montgomery County has historically worked very hard to avoid layoffs. Two of the alternatives to layoffs being used across the country to reduce compensation costs are furloughs and voluntary departure incentive programs. For the purpose of this research brief, voluntary departure incentives would include programs to encourage the voluntary departure of both retirement age and pre-retirement age employees.

To further the Council's understanding of how these two cost-cutting strategies work in practice, the Office of Legislative Oversight (OLO) will prepare two research briefs that compile the following types of information on the use of furloughs and voluntary departure incentive programs:

- General explanation of how the strategy reduces compensation costs;
- Alternative approaches to structuring furloughs and voluntary departure incentives;
- The advantages and disadvantages of the different types of furloughs and alternative types of voluntary departure incentives;
- Answers to common questions asked about furloughs and voluntary departure incentives; and
- Reported experiences from other employers on the use of furloughs and voluntary departure incentives.

The target completion date for the two OLO research briefs is the week of March 23-27. Following receipt of the two research briefs, the Council can determine whether to pursue estimates of potential savings from implementation of specific furlough and/or voluntary departure incentive program options here in Montgomery County.