



Committee: GO
Committee Review: Completed
Staff: Chris Cihlar, Director, Office of Legislative Oversight
Purpose: To make preliminary decisions – straw vote expected
Keywords: #legislative oversight, FY24 operating budget

AGENDA ITEM #21
 May 11, 2023
Action

SUBJECT

Office of Legislative Oversight FY24 Operating Budget

EXPECTED ATTENDEES

None

FY24 COUNTY EXECUTIVE RECOMMENDATION

Office of Legislative Oversight	FY22 Approved	FY23 CE Recommended	Change from FY22 Approved
General Fund	\$2,215,034	\$2,366,474	6.8%
Personnel Costs	\$2,123,594 13.85 FTEs	\$2,261,133 13.85 FTEs	6.5% -
Operating Costs	\$91,440	\$105,341	15.2%

COMMITTEE RECOMMENDATIONS

Approve as recommended by the County Executive.

SUMMARY OF KEY ISSUES

None

This report contains:

Packet from 5/5/23 GO Committee

Pages 1-6

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MEMORANDUM

May 2, 2023

TO: Government Operations and Fiscal Policy Committee

FROM: Chris Cihlar, Director
 Office of Legislative Oversight

SUBJECT: Office of Legislative Oversight & Independent Audit Non-Departmental Account FY24 Operating Budgets

PURPOSE: Make committee recommendations for Council consideration

Expected Participants:

- Blaise DeFazio, Office of Legislative Oversight
- Grace Pederson, Office of Management and Budget

Summary of FY24 Recommended Budgets and Key Recommendations

Office of Legislative Oversight	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
General Fund	\$2,215,034	\$2,366,474	6.8%
Personnel Costs	\$2,123,594 13.85 FTEs	\$2,261,133 13.85 FTEs	6.5% -
Operating Costs	\$91,440	\$105,341	15.2%

Independent Audit NDA	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
General Fund	\$427,882	\$431,510	0.9%
Personnel Costs	\$28,009 0.15 FTEs	\$30,222 0.15 FTEs	7.9% -
Operating Costs	\$399,873	\$401,288	0.4%

Council staff recommends:

- Approval of the FY24 Office of Legislative Oversight (OLO) budget as recommended by the County Executive.
- Approval of the FY24 Independent Audit Non-Departmental Account (NDA) budget as recommended by the County Executive.

Office of Legislative Oversight

FY24 Recommended Budget Changes. The Executive's FY24 recommended operating budget for OLO totals \$2,366,474, an increase of \$151,440 or 6.8% over the FY23 approved budget of \$2,215,034 (see pages 3-5). The Executive also recommends 13.85 FTEs for OLO in FY24, no change from the FY23 approved budget. The changes included in the Executive's recommendation are summarized below:

- A net increase of \$137,539 in personnel costs mainly due to the annualization of FY23 compensation increases and the FY24 compensation adjustment.
- An increase of \$13,901 due to the annualization of FY23 operating costs and the projected increase in printing and mail.

FY24 Fiscal Impact Consideration. All 14 OLO positions are filled and one staff member is eligible for retirement with a pension plan. For its Racial Equity and Social Justice rating, OLO received a rating of three, with its budget demonstrating a strong commitment to advancing racial equity and social justice in Montgomery County.

Independent Audit NDA

FY24 Recommended Budget Changes. The Executive's FY24 recommended operating budget for the Independent Audit NDA totals \$431,510, an increase of \$3,628 or 0.9% over the FY23 approved budget of \$427,882 (see page 6). The Executive also recommends 0.15 FTEs for OLO in FY24, no change from the FY23 approved budget. The change included in the Executive's recommendation is summarized below:

- A net increase of \$3,628 in personnel costs primarily due to the annualization of FY23 compensation increases and the FY24 compensation adjustment.



Legislative Oversight

RECOMMENDED FY24 BUDGET

\$2,366,474

FULL TIME EQUIVALENTS

13.85

CHRIS CIHLAR, DIRECTOR

MISSION STATEMENT

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

BUDGET OVERVIEW

The total recommended FY24 Operating Budget for the Office of Legislative Oversight is \$2,366,474, an increase of \$151,440 or 6.84 percent from the FY23 Approved Budget of \$2,215,034. Personnel Costs comprise 95.55 percent of the budget for 14 full-time position(s) and no part-time position(s), and a total of 13.85 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 4.45 percent of the FY24 budget.

COUNTY PRIORITY OUTCOMES

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

Effective, Sustainable Government

PROGRAM CONTACTS

Contact Blaise DeFazio of the Office of Legislative Oversight at 240.777.7983 or Grace Pedersen of the Office of Management and Budget at 240.773.1088 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Legislative Oversight

The Office of Legislative Oversight (OLO) conducts program evaluations, base budget reviews, and other special studies in accordance with a Council-approved work program. OLO studies the effectiveness of legislation enacted by the Council and makes findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are approved or appropriated by the Council. In addition, OLO is the designated administrator for the Council's audit

contracts, as required under Section 315 of the County Charter, and is responsible for preparing economic, racial equity and social justice, and climate impact statements for all proposed County legislation. Also, OLO is responsible for preparing racial equity and social justice impact statements for zoning text amendments.

BUDGET SUMMARY

	Actual FY22	Budget FY23	Estimate FY23	Recommended FY24	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	1,576,247	1,715,354	1,721,917	1,816,250	5.9 %
Employee Benefits	419,666	408,240	394,751	444,883	9.0 %
County General Fund Personnel Costs	1,995,913	2,123,594	2,116,668	2,261,133	6.5 %
Operating Expenses	18,337	91,440	91,440	105,341	15.2 %
Capital Outlay	9,940	0	0	0	—
County General Fund Expenditures	2,024,190	2,215,034	2,208,108	2,366,474	6.8 %
PERSONNEL					
Full-Time	14	14	14	14	—
Part-Time	0	0	0	0	—
FTEs	13.67	13.85	13.85	13.85	—

FY24 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY23 ORIGINAL APPROPRIATION	2,215,034	13.85
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Annualization of FY23 Compensation Increases	89,691	0.00
Increase Cost: FY24 Compensation Adjustment	60,857	0.00
Increase Cost: Annualization of FY23 Operating Expenses	13,637	0.00
Increase Cost: Retirement Adjustment	628	0.00
Increase Cost: Printing and Mail	264	0.00
Decrease Cost: Annualization of FY23 Personnel Costs	(13,637)	0.00
FY24 RECOMMENDED	2,366,474	13.85

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY23 Total\$	FY23 FTEs	FY24 Total\$	FY24 FTEs
COUNTY GENERAL FUND					
NDA - Independent Audit	General Fund	28,012	0.15	30,222	0.15

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY24	FY25	FY26	FY27	FY28	FY29
COUNTY GENERAL FUND						
EXPENDITURES						
FY24 Recommended	2,366	2,366	2,366	2,366	2,366	2,366
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	56	56	56	56	56
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	2,366	2,422	2,422	2,422	2,422	2,422

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.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	50,000	0.00
Decrease Cost: Quadrennial Funding for Inauguration and Transition Expenses Removed for FY24	(50,000)	0.00
FY24 Recommended	0	0.00

Incubator Programs

This NDA provides for facility lease payments, portfolio management services, and program funding for the County's Business Innovation Network (BIN) facilities. The BIN consists of three physical locations: the Silver Spring Innovation Center on Georgia Avenue (owned by the County), the Rockville Innovation Center in Rockville Town Square (owned by the County), and the Germantown Innovation Center on the campus of Montgomery College (under lease from the College Foundation until 2036). This NDA also supports the National Cybersecurity of Excellence in Shady Grove, a partnership between the National Institutes of Technology, the State of Maryland, and Montgomery County.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	4,288,971	5.00
Increase Cost: FY24 Compensation Adjustment	23,050	0.00
Increase Cost: Specialized Training - Technical Assistance for Incubator Tenants	10,000	0.00
Increase Cost: Annualization of FY23 Compensation Increases	12	0.00
Shift: Funding to Small Business Support Services NDA	(1,675,000)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	22,841	0.00
FY24 Recommended	2,669,874	5.00

Independent Audit

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

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	427,882	0.15
Increase Cost: Annualization of FY23 Compensation Increases	3,069	0.00
Increase Cost: FY24 Compensation Adjustment	689	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(130)	0.00
FY24 Recommended	431,510	0.15