

**January 29, 2002**

Council of the District of Columbia

PUBLIC ROUNDTABLE ON BILL 14-449, "INDEPENDENCE OF THE CHIEF FINANCIAL OFFICER AMENDMENT ACT OF 2001" AND BILL 14-484, "PERFORMANCE AND FINANCIAL ACCOUNTABILITY AMENDMENT ACT OF 2001"

## **Testimony of Natwar M. Gandhi, Chief Financial Officer, before the Committee of the Whole**

Good morning, Chairman Cropp and members of the Committee. My name is Natwar M. Gandhi, and I am the Chief Financial Officer of the District of Columbia. I am here today to testify in support of Bill 14-449, the "Independence of the Chief Financial Officer Amendment Act of 2001", and Bill 14-484, the "Performance and Financial Accountability Amendment Act of 2001."

### **"Independence of the Chief Financial Officer Amendment Act of 2001"**

Bill 14-449, the "Independence of the Chief Financial Officer Amendment Act of 2001," proposes three technical amendments to the "Chief Financial Officer Establishment Act of 2001" that the Council passed in the summer of 2001.

First, the bill provides that the first CFO appointed in the post-control period would be paid at the rate of basic pay payable for level I of the Executive Schedule of the federal government retroactive to the first full pay period after October 1, 2001. In contrast, the "Chief Financial Officer Establishment Act of 2001" provided that the CFO would be paid at an annual rate determined by the Mayor, subject to the approval of the Council by resolution. It provided further that the salary would not be reduced during the term of an incumbent CFO. In the District of Columbia Appropriations Act for FY 2002, Congress adjusted the CFO's salary to the rate of basic pay payable for level I of the Executive Schedule of the federal government. The salary adjustment in Bill 14-449 would match the salary adjustment in the Appropriations Act.

Second, this legislation temporarily extends the CFO's ability to represent himself or herself, independent of the Corporation Counsel, when sued in his or her official capacity. This authority – which would be effective for fiscal years 2002 and 2003 – is similar to that granted to other arms of the District government, such as the Board of Elections and Ethics, the Office of Campaign Finance, the Public Service Commission, the People's Counsel, and the Housing Authority. The provision provides the CFO the ability to control and guide litigation in such a way as to limit the ultimate liability of the District in cases in which the OCFO has special expertise, especially through its outside counsel. The legislation requires that, upon the hiring of private counsel, the CFO must resolve all conflict of interest issues in a manner consistent with the District's normal procedures and the District of Columbia Bar Rules of Professional Conduct. This is a standard requirement for those agencies that may choose not to use the Corporation Counsel.

Finally, because the CFO has been appointed to numerous boards and commissions throughout the District government, the legislation proposes amendments to the DC Code to permit the CFO to appoint a designee to those boards or commissions on which the CFO serves but is not authorized to appoint a designee. A designee would have the same rights and responsibilities, i.e., voting rights, as the CFO.

### **"Performance and Financial Accountability Amendment Act of 2001"**

The FY 2002 Budget Support Act directs the Office of Budget and Planning (OBP) to present seven agencies in a Performance Based Budget (PBB) format in the FY 2003 budget. These agencies included:

1. Metropolitan Police Department
2. Fire and Emergency Medical Services Department
3. Department of Health (DOH)

4. Department of Human Services
5. DC Public Schools (DCPS)
6. Department of Motor Vehicles
7. Department of Public Works

The proposed legislation amends existing law to allow the Mayor the authority to submit to the Council PBBs in FY 2003 for two new agencies: the Department of Transportation and the Office of the Chief Financial Officer. These two organizations are prepared to implement PBBs earlier than is required by law, and an amendment to the existing law is necessary to allow these organizations to submit a FY 2003 PBB. Additionally, the amendment would remove the obligation of the Mayor to submit a PBB budget in FY 2003 for DOH and DCPS, for reasons described below.

#### DCPS

During the initial PBB work with DCPS in the summer of 2001, it soon became apparent that it is impractical to start a business planning exercise at DCPS at the same time McKinsey & Company is leading a major strategic planning initiative at the schools. That initiative – which may result in a significant reorganization at DCPS – could easily yield information that is unusable for the implementation of a PBB. Additionally, the project schedule for the McKinsey planning exercise does not coincide with the FY 2003 budget formulation calendar. For these reasons, we believe it is necessary to postpone the implementation of PBB at DCPS.

#### DOH

Several events occurred during the business planning process that make it desirable to delay the implementation of PBB within DOH. These events include the significant flooding in parts of the District in mid 2001, the events of Sept. 11, and the anthrax incidents. Addressing these unanticipated events made the goal of completing the PBB business plans by early October – which was required in order for the agency to implement PBB for FY 2003 – unattainable for DOH. Nevertheless, DOH has made substantial progress toward completion of its business plan, and the business planning process allowed the leadership team to begin a dialogue on their strategic goals and key program performance measures. The Office of Budget and Planning plans to build off of the work completed to date with DOH in order to complete a successful transition to PBB in the very near future.

That concludes my comments on these two bills. I appreciate the opportunity to appear before you today and will be happy to answer any questions.