

February 22, 2002

Council of the District of Columbia

PUBLIC OVERSIGHT HEARING ON FEDERAL GRANTS MANAGEMENT STATUS FOR FISCAL YEARS 2001 AND 2002

Testimony of Dr. Julia Friedman, Deputy Chief Financial Officer for Research and Analysis, before the Committee on Public Services

Good morning, Chairman Catania and distinguished members of the committee. I am Julia Friedman, Deputy Chief Financial Officer for the Office of Research and Analysis (ORA). With me today are Robert Mulderig and Deidre Hunt of the ORA staff. I am pleased to present testimony on the status of grants management on behalf of the Office of the Chief Financial Officer.

The primary functions of the Office of the Chief Financial Officer with respect to grant funds are the following:

- (1) Process modifications to grant budget authority, to allow access to additional grant funds not included within the appropriated budget. Under the leadership of Bob Mulderig, this function is operating more effectively than in the past.
- (2) Track grant spending, to provide an early warning of grant funds subject to deobligation as a result of lapse (failure to commit or expend funds on a timely basis).
- (3) Provide a service to executive agencies and departments by which they may subgrant to entities outside the District government. The process involves accepting proposals from potential subgrantees and selecting winners. The Competitive Services unit, led by Deidre Hunt, conducted 23 successful subgranting competitions in FY 2001.
- (4) Track and oversee the collection of grant cash reimbursement from grantor agencies. This function is located in the Office of Finance and Treasury and is led by Natalie Mayers.
- (5) Work with the Office of Partnerships and Grants Development and agency staff to improve utilization of grant funds.

The FY 2001 budget included \$1.6 billion in federal grant funds and an additional \$29 million in private grant funds. We have provided details on the FY 2001 grant budget and expenses in a written report prepared for the committee in response to your advance questions.

The \$1.6 billion federal grant budget included \$307 million in grant budget modifications to the original budget approved by Congress. Of 775 federal grants included in the budget at year-end, 200 grants were added to the budget during the course of the fiscal year.

In FY 2001, ORA did a grant-by-grant review with each grantee agency for the purpose of reducing any lapse of grant funds. Ultimately \$4.3 million in grant funds – less than 1/3 of 1 percent of the FY 2001 federal grant budget – were lost to the District in FY 2001 as a result of lapse, that is, by virtue of not having been spent or committed on a timely basis.

ORA has drafted a new report that helps identify grant money from previous years that has not yet been spent. The report, based on FY 2001, points to formula grants and the funds added in the year, as well as funds still available because they are unspent from previous years. As the report is perfected, it will allow us to identify formula grants that may not be managed to their full potential.

Thank you for the opportunity to testify today. Mr. Mulderig, Ms. Hunt, and I will be happy to answer any questions you might have.