

BUDGET HEARING
FY 2004 BUDGET REQUEST FOR THE OFFICE OF
BUDGET AND PLANNING (OBP)

Before the
Committee of the Whole
Council of the District of Columbia

The Honorable Linda W. Cropp, Chairman

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Council Chambers



Testimony of
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Good morning, Madame Chair and members of the committee. My name is Bert Molina, and I am the deputy chief financial officer for the Office of Budget and Planning (OBP). I am here today to testify in support of the OBP budget request for FY 2004. With me is Gordon McDonald, associate deputy CFO for budget and planning.

Thank you for the opportunity to talk about the Office of Budget and Planning's FY 2004 budget request. During the past year, OBP achieved a milestone by producing three versions of the FY 2003 budget. We produced quality and timely financial information for stakeholders' use in making informed decisions. We accomplished these achievements with limited resources. So that we can continue to meet the demands for quality financial information, we are asking for a modest increase in resources. Let me discuss with you some of our achievements from the past year.

FY 2003 Accomplishments

We've just been through an unusual – to say the least – budget year. For months we engaged in a balancing act of huge proportions. In addition to our usual work of producing the FY 2003 budget twice, in March and June 2002, we had to make two distinct series of reductions for FY 2003 – in September and again in February – because of continued declines in forecasted revenues. The latter reduction was accomplished while we were in the midst of FY 2004 budget preparations. We produced a revised FY 2003 budget in October, a 1,000-page FY 2004 budget book last month, and a new revised FY 2003 budget that Council acted on last week. This required many nights of work until 4 a.m., many meetings with

policymakers, many number changes right up to the last minute, and many pizzas. I am extremely proud of everyone in my office. They are multi-talented and they rise to every occasion. I expect this effort to continue during the consensus process and as we execute the FY 2003 budget.

In balancing these activities, my staff continues to produce quality products, winning the Distinguished Budget Award from the Government Finance Officers Association for the FY 2003 budget. In addition, my staff is active in giving presentations and training to District staff as well as interested parties.

In addition to completing the FY 2004 proposed budget, OBP moved an additional 27 agencies to performance based budgeting for a total of 34, representing 85 percent of the budget. This involved guiding agencies through creation of business plans and instructing them on how to show links between what they accomplish and money they receive.

As I stated in our performance oversight hearing in February, we have introduced a powerful tool this year called CFO\$ource to provide up-to-date, online financial reports for managers, councilmembers, and other stakeholders. We are beginning to schedule training for District employees to make full use of this powerful tool in managing their budgets. As we continue to develop this tool and make it more widely available, we are also producing more detailed monthly Financial Status Reports than ever in the past, giving stakeholders better data on which to base their decisions.

In addition, there are many things which we didn't realize at the start of FY 2003 that we would be doing, but are doing so with enthusiasm. For instance, for the

Center for Workforce Development, we are preparing to teach budgeting to all MSS employees. In addition, we are now managing and reporting on grants budgets, a role we inherited in December from the Office of Research and Analysis (ORA).

OBP's FY 2004 Budget Request

Now to OBP's FY 2004 budget. Our operating budget request is \$4,793,102, an increase of \$408,183, or 9.3 percent, over the FY 2003 budget of \$4,384,919.

Most of this increase is for enhancing two important financial areas:

- Restructuring of grants management functions from ORA to OBP, and
- Creating two positions focused on developing agency program benchmarks for PBB agencies.

For FY 2004, we expect to accomplish the following:

- Implement PBB Phase III and transition another 25 agencies. While the mayor's cabinet has been transitioned, several large agencies still remain, notably the University of the District of Columbia.
- Revisit the Phase I agencies as part of a two-year cycle of improving agency strategic business plans.
- Continue developing benchmarks for key District programs. We started with one program for the seven pilot agencies. In FY 04, I expect that we will benchmark all critical programs for the seven agencies, as well as one program for each Phase II agency.
- Begin implementing a new district-wide budget system as part of ASMP.
- Develop effective grants management policies and procedures.
- Leverage CFO\$ource to improve how we execute budgets.

Regardless of the funding level, we will continue to develop the best possible budget office possible, focusing on providing quality and timely information to all stakeholders on the relevant issues in a manner that supports decision-making. In addition, we will continue to improve how budgeting is performed in the District of Columbia to ensure that we are adhering to the best possible financial management practices in the country.

With this funding level, OBP will be able to continue providing the current level of services – basic budget analysis services – as well as continue to improve how the city formulates and executes its budget with a few key initiatives (i.e., district-wide budget system and CFO\$ource). However, beyond this, OBP has very few “slack” resources to devote to other necessary endeavors.

My vision is to develop a stable budget office with capabilities and competencies able to provide expert financial and budgetary advice to stakeholders and program staff. We have several successes to date in making this vision a reality. I expect to make even more progress in the coming fiscal year.

Chairman Cropp, that concludes my testimony. I welcome any questions that you and your colleagues may have about the current performance and future direction of the budget office.

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