

**BUDGET HEARING**  
**FY 2005 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**

**April 21, 2004, 11:30 a.m.**  
**John A. Wilson Building, Room 120**



**Testimony of**  
**Bert Molina**  
**Deputy Chief Financial Officer**  
**Office of Budget and Planning**

**Natwar M. Gandhi**  
**Chief Financial Officer**  
**Government of the District of Columbia**

Good afternoon, Madame Chair and members of the Committee of the Whole. 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 OBP's budget request for FY 2005. With me is Gordon McDonald, Associate Deputy CFO for Budget and Planning.

As you know, development of the FY 2005 budget was difficult, as the District's needs are greater than the available resources and the choices facing the District are not easy ones to make. However, OBP continues to facilitate the resource allocation process, producing quality and timely financial information for stakeholders' use in making informed decisions. In addition, during FY 2004, OBP continues to improve budgeting and planning in the District. With CFO\$ource, ARGUS, Performance-Based Budgeting, and Benchmarking – to name a few important initiatives – we are developing tools for financial and program managers to improve management decision-making, and ultimately, the delivery of services to citizens. We also continue to conduct the daily budget execution work necessary to maintain a clean audit opinion. So that we can continue to meet the demands for quality financial information, we are asking for an adjustment in resources in OBP's FY 2005 budget request. Let me discuss with you some of our achievements in the past year that I believe makes this investment a good one.

### **FY 2004 Accomplishments**

Let me start by stating how proud I am of everyone in my office. My staff's talents are many, and they rise to every occasion. During the past year, my staff has:

- Developed the FY 2005 Budget and Financial Plan, including:
  - An Executive Summary volume;
  - The Special Studies volume, a new analytical volume; and
  - A table identifying agency Match and Maintenance of Effort dollars for each federal grant the District receives.
- Benchmarked the Medicaid program, and developed benchmarks for an additional 39 programs in 19 agencies.
- Facilitated agency strategic business plans for 24 agencies this year.
- Trained over 800 Management Supervisory Service personnel on the District's budget process.
- Developed an online spending plan application that agencies are using to update their plans throughout the year, to comply with the Anti-Deficiency Act and provide early warning of any potential spending problems.
- Developed the Executive Dashboard in CFO\$ource to be rolled out in the near future.
- Implemented reports and analytical cubes in CFO\$ource for Grants and Capital Projects.
- Developed a grants alert system to assist agencies in identifying possible lapsing grants early in the grant period, to allow the agencies to request a no-cost extension.

In the remaining months of FY 2004, my staff will complete the development of ARGUS, the District's new budgeting system, with the intent of having it available for the FY 2006 budget process. OBP staff has been instrumental in "bridging" the technical capabilities of the system with the needs of the District agencies' program and finance staff. The successful implementation of this new system will streamline our current budget development and execution processes.

In recognition of the quality products my staff generates, we earned the Distinguished Budget Award from the Government Finance Officers Association for the FY 2004 budget.

### **OBP's FY 2005 Budget Request**

Now to OBP's FY 2005 budget. Our operating budget request is \$5,557,321, an increase of \$645,834, or 13.1 percent, over the FY 2004 budget of \$4,911,487.

The majority of this increase, \$615,475, is for the cost of operationalizing OBP capital projects, namely the performance-based budgeting implementation and the new budget system. Currently, we have staff working on both of these important projects funded from capital funds. As we complete the projects, we will need to transition the costs to the operating budget as we enter the operations and maintenance phase of these projects.

For FY 2005, we expect to accomplish the following:

- Implement PBB Phase IV, transitioning the remaining 16 agencies, including the DC Council, to PBB.
- Begin the strategic business plan updating process for health and human services agencies.
- Continue developing benchmarks for key District programs.
- Go live with ARGUS, the District's new budget system.
- Develop more effective grants management policies and procedures.
- Leverage CFOsource to improve how we monitor and execute budgets.

With the requested level of funding, we will continue to develop the best possible budget office, focusing on providing quality and timely information to all stakeholders on the relevant issues in a manner that supports efficient and effective 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. OBP will also continue its current vision of improving not just budget management, but also program management practices, in the District.

My vision is to develop a stable budget office with capabilities and competencies that enable us to provide expert financial and budgetary advice to stakeholders and program staff. We have had many 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.

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